



California State Teachers'
Retirement System

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Member Handbook

YOUR GUIDE TO CALSTRS BENEFITS

2005 – 2006



March 2005

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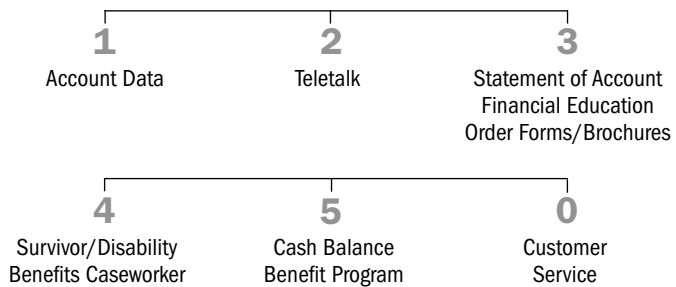
Workshop Registration

888-394-2060

Home Loan Program

866-384-4457

**Dial 800-228-5453
then press the numbers to access**



The summarized data pertain to the Teachers' Retirement Law (California Education code 22000 et. seq.) and procedures effective January 1, 2005. The *Member Handbook* is intended as a ready source of information about CalSTRS and not as a legal document or a substitute for the law. If differences appear between the law and the handbook, the law must prevail.

Permission is hereby granted to reproduce, copy, or duplicate the information in this handbook, provided credit is given to CalSTRS.



Dear Member,

Welcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, this handbook will answer many of the questions you have about your benefit coverage. The information in it can help you make informed decisions during your active career and prepare fully for your retirement.

CalSTRS is the nation's largest teachers' pension fund and our dedicated, professional and conscientious staff work hard to improve service and responsiveness to your needs. Although we serve more than 750,000 California educators and their families, we are committed to providing exemplary service to each and every person who calls, writes or visits CalSTRS.

Service to CalSTRS members and the security of the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

A handwritten signature in black ink that reads "Jack Ehnes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jack Ehnes
Chief Executive Officer

A Brief History of CalSTRS

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in positions performing creditable service under the Defined Benefit Program.

Teachers' Retirement Board

The Teachers' Retirement Board sets policies, makes rules for, and administers the California State Teachers' Retirement System. The board is also responsible for ensuring benefits are paid by the system in accordance with law.

Our 12-member Teachers' Retirement Board is made up of:

- Three member-elected positions representing current educators.
- A retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- A school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund in accordance with board policy.

The board has three standing committees: Audits and Risk Management, Benefits and Services and Investments.

Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions from employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of issues within each segment.

The Teachers' Retirement Fund portfolio market value was \$126 billion as of December 31, 2004. CalSTRS ranks as the nation's third largest public pension fund.

For further information about Teachers' Retirement Fund investments, visit our Web site at www.calstrs.com.

Contents

A Brief History of CalSTRS.....	ii
Teachers' Retirement Board	ii
Teachers' Retirement Fund	ii
1. Introduction	1
Quick Start Guide to CalSTRS Benefits and Services	1
Where You Can Find Information	2
Recent Changes to CalSTRS Benefits	4
2. Your Membership and Benefits.....	5
Membership in the CalSTRS Defined Benefit Program.....	5
Membership for Part-Time Employees	6
Contributions to Your DB and DBS Accounts.....	7
Borrowing Against Your Accounts	8
Annual Statement of Account	8
What if You Become Disabled?	9
What Happens When You Die?	9
If You Terminate Your CalSTRS-Covered Employment	9
Refunding Your CalSTRS Contributions	10
Redeposits – Restoring Service Credit	11
Defined Benefit Supplement Program.....	11
Changing Employment to a Different Public Retirement System	12
3. Benefits for Part-Time Educators.....	15
Retirement Plans for Public School Employees	15
Retirement Options for Public School Educators	15
Social Security Program.....	18
Cash Balance Benefit Program	18
Choosing Between Defined Benefit and an Alternative Retirement Program.....	19
Consolidating Your Cash Balance and Defined Benefit Coverages.....	20
4. Building Your Financial Future	21
Step One – Attend a Workshop.....	21
Step Two – Make a Counseling Appointment	22
How Much Will You Need to Retire?	23
CalSTRS Voluntary Investment Program.....	23
Comparing 403(b) Plans.....	24
CalSTRS Home Loan Program.....	24
5. Approaching Retirement	25
One-Time Death Benefit Recipient.....	25
Protecting Your Loved Ones Before You Retire	25
About Social Security	27
Health Insurance.....	29
Reduced Workload Program.....	30
Retiring From Other Public Retirement Systems	30
6. Your Retirement Benefit.....	31
Deciding When to Retire	31
Retiring From More Than One Public Retirement System	32
How to Calculate Your Defined Benefit Retirement.....	32
Ways to Increase Your Benefit	32

Partial Lump Sum	36
Unmodified Benefit	37
Protecting Your Survivor with an Ongoing Benefit	37
Defined Benefit Supplement Program	40
Guidelines for the Retirement Application Process	41
Signing Up for Direct Deposit.....	43
7. After You Retire	45
Annual Benefit Adjustment	45
Purchasing Power Protection.....	45
Medicare Premium Payment Program	45
Post-Retirement Employment	45
Reinstatement to Active Member Status	46
Keeping You Informed	47
8. Disability Benefits.....	49
Before Filing a Disability Application.....	49
Reasonable Accommodation.....	49
Steps in the Disability Application Process	49
Filing a Disability Benefit Application	50
Coverage A or Coverage B	52
Coverage A – Disability Allowance Program	52
Coverage B – Disability Retirement Program	56
9. Survivor Benefits.....	59
Coverage A or Coverage B – Family or Survivor Benefits	59
Coverage A – If You Die Before Retirement.....	60
Coverage B – If You Die Before Retirement.....	62
Defined Benefit Supplement Distribution	65
Coverage A or B – If You Die <i>After</i> Retirement	65
10. Tax Information and Legal Matters.....	67
Income Tax Withholding.....	67
Internal Revenue Codes Affecting Benefits	68
Legal Matters	69
Members’ Rights – The Appeal Process	69
Community Property Information	70
11. Worksheets	71
Benefit Estimate Worksheet	71
Age Factor Table.....	72
Option Worksheets	73
Defined Benefit Supplement Annuity Calculation Estimates	78
12. Teletalk Message Codes	81
Glossary of Terms	85
Index.....	93
Checklist for a Secure Financial Future	back cover

1. Introduction

The *CalSTRS Member Handbook* is for full-time and part-time California public educators, their beneficiaries, retirees and others interested in the many benefits and services offered through the California State Teachers' Retirement System. This guide is designed to focus on the Defined Benefit Program and to explain its many components that can help you to a secure financial future including retirement, disability and survivor benefits as well as the Defined Benefit Supplement account. From program descriptions to retirement benefit formulas, examples and worksheets, this handbook can be used as a reference for retirement benefits, eligibility and planning. This guide also includes a Checklist for a Secure Financial Future on the back cover and a Retirement Application Timeline in Section 5.

Quick Start Guide to CalSTRS Benefits and Services

The following briefly introduces the main CalSTRS program benefits and indicates where to look in this handbook for more information on each topic.

Defined Benefit Program

As a Defined Benefit Program member, your retirement is guaranteed for life once you have at least five years of service credit and are eligible to retire. Your retirement benefit is a steady source of income and is based on your age, final compensation and years of service credit at retirement, not on how much is in your account. If you are employed full time to perform creditable service in a California public school or community college, your membership in CalSTRS begins on your first day of employ-

ment. You contribute 8 percent of your pay as a CalSTRS member.

For an overview of your Defined Benefit Program membership and benefits, see Section 2.

Defined Benefit Supplement Program

Your Defined Benefit Supplement account will provide you additional retirement income based on the amount in the account. One-fourth of your CalSTRS 8 percent payroll contribution will be allocated to your DBS account through 2010. If you earn more than one year of service credit in a school year, contributions from both you and your employer will also go into this supplemental account until you retire.

For information on this account, see Section 2, Your Membership and Benefits. For information on how benefit choices affect the Defined Benefit Supplement account, see Section 6, Your Retirement Benefit.

Disability Benefits

Once you are vested and meet the eligibility requirements, disability benefits may be half your highest average annual salary, plus another 10 percent for each eligible child, up to a total of 90 percent, until the child reaches age 21. This continues for life, as long as you are disabled under Coverage B. Under Coverage A, the benefit may change at age 60.

See Section 8, Disability Benefits.

Survivor Benefits

Depending on your amount of service credit and if you die before or after retirement, your survivor could receive a refund of the balance in your retirement account, a one-time amount and/or a monthly benefit.

See Section 9, Survivor Benefits.

Medicare Premium Payment Program

CalSTRS does not provide health insurance coverage; however, CalSTRS will pay the Medicare Part A premium for Defined Benefit members who retire before July 1, 2006, depending on eligibility. All benefit recipients may authorize CalSTRS to deduct Medicare Part B and other group insurance premiums from their monthly benefit check.

See Section 5, Approaching Retirement.

Cash Balance Benefit Program

The Cash Balance Benefit Program is CalSTRS' alternative retirement program that employers may choose to offer part-time educators. With the Cash Balance Benefit Program, employers must contribute 4 percent of the salary you earn as a part-time employee. You usually pay 4 percent; however, your contribution rate may be collectively bargained with your employer.

See Section 3, Benefits for Part-Time Educators.

Voluntary Investment Program

If your district participates in this 403(b) program, you can set aside even more retirement funds through tax-deferred savings. CalSTRS oversees the Voluntary Investment Program's competitively priced services and investment options.

See Section 4, Building Your Financial Future.

Home Loan Program

The CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance Benefit Program participants. Several options are available for a conventional home purchase or refinance loan.

See Section 4, Building Your Financial Future.

CalPERS Long-Term Care Program

You and your family may be eligible for the CalPERS Long-Term Care Program.

See Section 5, Approaching Retirement.

Where You Can Find Information

Throughout your career in California's public school system, and the years to follow, you and your dependents can rely on CalSTRS as a trusted resource. Our member services representatives are available to answer your questions online or by calling our toll-free number. Our benefits counselors can help you build a retirement plan to meet your specific needs. See Section 4 for details on setting up an appointment with a counselor.

You can contact us in the following ways:

Visit Our Web Site

The CalSTRS Web site provides current information for members, employers and anyone interested in CalSTRS. The CalSTRS site includes such useful features as the *Retirement Benefit Calculator*, which allows you to estimate your retirement benefit. You can also order and download forms and publications. To send an e-mail, go to www.calstrs.com and click *Contact Us*.

myCalSTRS

Registered myCalSTRS users can access certain personal account information online in a secure environment. Defined Benefit members have access to Form 1099-Rs beginning with 2000 and Annual Statements of Account beginning with 2002. Cash Balance Benefit Program participants have access to Form 1099-Rs beginning with 2003. You can also review your tax withholding and beneficiary choices, or update your mailing address and telephone number. The Online Messaging feature allows you to send and receive confidential information. Go to the CalSTRS Web site at www.calstrs.com and log in or register to access myCalSTRS.

Call Us

Call us at 800-228-5453 and select an option as follows:

Press	For:
1	Account Data.
2	Teletalk, a recorded message system. Then press the three-digit code for information on a variety of topics. A partial list follows; see the complete Teletalk call list at the end of this guide.
3	Ordering forms, brochures and duplicate annual statements of accounts or 1099s or registering for workshops.
4	Survivor/Disability caseworkers.
5	Cash Balance Benefit Program information.
0	Member Services representatives – 8 a.m. to 5 p.m. Monday – Friday.

Publications and Newsletters

For additional information, you can order the following publications. To order publications go to www.calstrs.com or call 800-228-5453 and press 3.

CalSTRS Connections newsletter for active members

Cash Balance Benefit Program Information Packet

Community Property Information

Comprehensive Annual Financial Report

Home Loan Program

Join CalSTRS? Join CalPERS?

Partial Lump Sum

Purchase Additional Service Credit

Refund: Consider the Consequences

Retired Educator newsletter for retired members and other benefit recipients

Tax Considerations for Rollovers

Your Retirement Guide

Teletalk – Automated Information Service via Your Telephone

The CalSTRS Teletalk information system provides recorded messages giving general information on a variety of CalSTRS subjects. To access the Teletalk system, call 800-228-5453 and then press 2. Teletalk calls are answered electronically and you can choose topics easily via your telephone keypad, for example:

Enter:	For this key topic:
100	General Information
110	Medicare for Active CalSTRS members
200	Benefits Counseling
250	Purchase of Additional Service Credit and Redeposits
300	Pre-Retirement Election of an Option
400	Disability Benefits
500	Death Benefits
520	Coverage A, Family Allowance Program
600	Increases in Benefits
650	Tax Liability
703	Refund rollovers
900	Cash Balance Benefit Program

You can find a complete list of Teletalk message codes and topics at the end of this guide.

Recent Changes to CalSTRS Benefits

- Effective January 1, 2005, a new law extends most of the rights and duties of marriage, including CalSTRS survivor benefits, to domestic partners who are registered with the state of California. This law requires that a registered domestic partner sign any application or form that requires a spouse's signature.
- Effective January 1, 2005, up to two-tenths of one year of unused sick leave credit may be used to qualify for the career factor, the longevity bonus and for one-year final compensation.
- Effective January 1, 2005, the age requirement for eligibility to take a partial lump sum as part of a retirement benefit was eliminated.
- Effective July 1, 2005, persons who teach adult or community college classes for not more than 60 percent of the full-time assignment are classified as temporary employees. Community college faculty members are excluded from mandatory membership in the Defined Benefit Program provided they are classified as temporary employees.

The Governor and Legislature occasionally make statutory changes that may affect your CalSTRS benefits and that may affect any decision you make concerning your career or retirement. CalSTRS makes every effort to communicate these changes to our members, but legislation can undergo rapid change.

To stay informed about any possible changes, consult a variety of sources including the California State Legislative Counsel Web site at www.leginfo.ca.gov or the CalSTRS Web site at www.calstrs.com. Or call CalSTRS at 800-228-5453, or contact CalSTRS benefits counselors, your union and elected legislative representatives.

2. Your Membership and Benefits

Whether you are a full-time or part-time educator, the California State Teachers' Retirement System provides you benefits and services to build a strong, stable financial future.

This section includes an explanation of membership and the basic benefits in the Defined Benefit Program and describes the Defined Benefit Supplement Program. These programs are two of three components that can help you achieve the lifestyle you desire at the end of your working career. The third component is your own optional retirement savings, such as in a 403(b) tax-deferred savings plan. CalSTRS offers such a plan, the Voluntary Investment Program, which you can read about in Section 4.

This section also explains the Cash Balance Benefit Program, an alternative retirement plan for part-time educators.

Membership in the CalSTRS Defined Benefit Program

The CalSTRS Defined Benefit Program is available to employees of the California public school system, kindergarten through community college, in positions that require a credential, certificate, or permit or require the employee to meet minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as *creditable service* are subject to Defined Benefit Program coverage, that is, count toward years of service for CalSTRS retirement purposes. These activities include teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties.

If you are a classroom teacher or are performing other activities that are creditable service, you may be a Defined Benefit Program

member as mandated by law or you may be eligible to elect membership.

Employees performing creditable service in a charter school are subject to coverage only if the charter of the school provides for participation in the CalSTRS Defined Benefit Program.

Mandatory Membership

If you are employed to perform creditable service on a full-time basis, you will automatically become a Defined Benefit Program member on the first day of employment.

Full time is defined as the number of days or hours in a school year that the employer requires a *class of employees* to work. For example, under a collective bargaining or employment agreement, an employer might require guidance counselors in a high school to work a specific number of days each school year. Therefore, guidance counselors would constitute a class of employees. For more information about what constitutes full time and class of employees, see the glossary.

Many teachers and others who perform creditable service are not hired to work full time. For those who are hired to work less than half time, CalSTRS offers an alternative retirement plan called the Cash Balance Benefit Program; however, providing the Cash Balance Benefit Program is optional for employers.

Mandatory Defined Benefit Program membership requirements vary, depending on an individual's employment status and whether or not the employer offers the Cash Balance Benefit Program to their part-time employees.

For details on the Cash Balance Benefit Program and part-time educators, see Section 3.

Benefit Eligibility

You will be eligible for or *vested* with a right to a lifetime retirement benefit when you have accumulated five years of service credit under the Defined Benefit Program. You can retire as early as age 50 if you have at least 30 years of service credit. You can retire at age 55 with five years of service credit. For information on the eligibility requirements for disability and survivor benefits available to active members, see Sections 8 and 9.

Membership When Cash Balance Offered

In school districts, county offices of education or community college districts that offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory DB Membership Begins
K-12 or community college instructor hired	First day of pay period in which the basis of employment (the employee's contract for employment) changed to 50 percent, or more, of the full-time equivalent for the position
K-12 or community college instructor hired on an hourly/adjunct basis	First day of pay period in which the employee is hired to work more than 50 percent of the full-time equivalent for the position

Note: Effective July 1, 2005, temporary part-time community college instructors and community college adult education instructors are exempt from mandatory Defined Benefit membership requirements.

Membership When Cash Balance Not Offered

In school districts, county offices of education or community college districts that do *not* offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory DB Membership Begins
Hired on part-time hourly basis	First day of pay period following the pay period in which creditable service in one school district, community college district or county superintendent's office is performed for 60 or more hours.
Hired on part-time daily basis	Same as above except for 10 or more days.
Hired as a substitute	Same as above except for 100 or more complete days during the school year.

Note: Effective July 1, 2005, temporary part-time community college instructors and community college adult education instructors are exempt from mandatory Defined Benefit membership requirements.

Calculating Your Defined Benefit Retirement

Benefit Formula:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Retirement Benefit (unmodified)}$$

The formula for calculating an unmodified Defined Benefit retirement includes three elements: service credit, age factor and final compensation. For details on calculating your Defined Benefit, see Section 6, Your Retirement Benefit.

Membership for Part-Time Employees

As long as your basis of employment remains less than half time, you have the choice of participating either in the Defined Benefit Program or the Cash Balance Benefit Program — if you are employed in a district that offers the CB Benefit Program. If you choose the CB Benefit Program and your basis of employment changes to half time or more, you will automatically become a member of the Defined Benefit Program (see charts at left for noted exceptions). For details on benefits for part-time employees, see Section 3.

Part-Time or Substitute Employees Electing Defined Benefit Program Membership

Anyone who performs creditable service in the California public school system is eligible to elect membership in the Defined Benefit Program.

If you are hired as a substitute or on a part-time basis and your basis of employment does not qualify you for mandatory membership, you may still elect to become a member of the Defined Benefit Program. Your employer must formally notify you of your right to elect membership in the program within 30 days of hire.

You can elect membership only during a pay period in which you actually performed creditable service and you must elect membership on the appropriate form provided by your employer. The effective date of membership is the first day of the pay period in which the election is made.

Contributions to Your DB and DBS Accounts

Member Contributions

As a member of the Defined Benefit Program, you must contribute 8 percent of your creditable compensation as identified in the Teachers' Retirement Law. Your employer can pay all or a portion of member contributions.

Contributions are withheld from creditable compensation by payroll deduction and credited to your Defined Benefit and Defined Benefit Supplement accounts. For details on your DBS account see Defined Benefit Supplement Program later in this section.

"Employer Pick-Up" of Member Contributions

Most employers participate in the "Employer Pick-Up" Program under a provision of the Internal Revenue Code (Section 414[h][2]). The member's contributions to CalSTRS are "picked-up" by the employer for the sole purpose of deferring income taxes on that portion of compensation. The contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.

These tax-deferred member contributions are credited to your account as "Employer-Paid Member Contributions." Those contributions are taxable when returned to you or a beneficiary in a lump sum or monthly benefit. For more information on taxes, see Section 10, Tax Information and Legal Matters.

Employer Contributions

The employing school district, community college district or county superintendent of schools contributes to CalSTRS an amount equal to 8.25 percent of the creditable compensation paid to every employee who is a member of the Defined Benefit Program. Employer contributions are not credited to individual member DB accounts but are deposited in the Teachers' Retirement Fund to help fund the benefits payable to all members and their beneficiaries.

State Contributions

The state of California contributes 2.017 percent of the creditable earnings from the fiscal year ending in the prior calendar year. Additionally, the state contributes an amount equal to 2.5 percent of the total creditable compensation paid to all CalSTRS DB Program members during the fiscal year ending in the prior calendar year for the Supplemental Benefit Maintenance Account. This is used to maintain the purchasing power of benefits at prescribed levels.

How Interest is Credited to Your Accounts

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each member's Defined Benefit and Defined Benefit Supplement accounts at the *credited interest rate*. Each credited interest rate is adopted annually by the Teachers' Retirement Board and is currently set at a rate that approximates the yield on two-year Treasury notes for the Defined Benefit Program and the 30-year Treasury rate for the Defined Benefit Supplement Program. The current rates, compounded daily, are 2.5 percent for Defined Benefit and 5.0 percent for Defined Benefit Supplement accounts. These interest rates are valid through June 30, 2005.

Defined Benefit Account

Interest is credited to your Defined Benefit account primarily to provide a lump-sum benefit to you if you terminate all creditable service and withdraw your contributions or to your beneficiaries if you die without survivors who are eligible for monthly benefits.

As a Defined Benefit Program member, your retirement benefit will be calculated using a formula established by law based on your age, years of service credit and final compensation. The amount of total contributions and interest in your Defined Benefit account is not used to calculate either your or your beneficiary's future monthly benefit. This is a lifetime benefit regardless of the funds you have contributed to your account.

Defined Benefit Supplement Account

The credited interest rate for the Defined Benefit Supplement Program is not necessarily the same as for the Defined Benefit Program. The rate cannot be less than the rate for the Defined Benefit account. The interest is included in the amount payable to you.

Borrowing Against Your Accounts

State law does not permit you to borrow against your accumulated contributions and interest on account with CalSTRS.

Annual Statement of Account

Every year you receive a combined Defined Benefit and DBS *Annual Statement of Account*, which is one of your most important CalSTRS records. It provides you with information about your retirement account. The statement is distributed by December to each member who was employed to perform creditable service. The statement of account gives your account status as of June 30 of that year.

The statement is sent to the mailing address on file with CalSTRS. You can update your mailing address through your employer or online at *myCalSTRS*. In addition to current members, statements of account are also sent to inactive members, that is, those persons who have a balance remaining in their Defined Benefit account, but did not perform creditable service during the prior school year.

If you do not receive a statement in the mail, you can view and print it online. Go to the CalSTRS Web site at www.calstrs.com and log

in or register to use *myCalSTRS*. You can also call us at 800-228-5453 to request a statement.

Note: *Retired members and benefit recipients do not receive a statement.*

What's on Your Annual Statement of Account

Examine your statement carefully each year for accuracy and file it with your important employment or financial records. Your statement includes:

- Beginning balances of your service credit and contributions and interest credited on member contributions at the beginning of the period, July 1 of the previous school year.
- Ending balances of your service credit and contributions and interest earned on member contributions as of June 30 of the just-completed school year.
- Information about the just-completed school year, July 1 through June 30, includes:
 - Interest credited on your accumulated contributions.
 - Service credit you earned.
 - Contributions credited to your Defined Benefit and Defined Benefit Supplement accounts.

The service credit shown on your *Annual Statement of Account* is based on the creditable compensation earned and annual earnable compensation for the full-time position as reported by your employer(s) to CalSTRS. The member contributions are the contributions that your employer(s) reported.

If you believe there is a discrepancy on your annual statement, contact your employer's department that reports your time to CalSTRS.

Adjustments made to service credit and contribution data after June 30 will be included in your next *Annual Statement of Account*. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the school year during which the final payment was made.

In addition to service credit, contributions and interest, the annual statement of account provides:

- An explanation of your Coverage A or Coverage B for disability and survivor benefits.
- One-time death benefit recipient or recipients, formerly called “designated beneficiary.”
- Option beneficiary or beneficiaries.
- Two estimates of your retirement benefits based on your age and account balance at the end of the previous school year if you are age 45 or older. (In 2005, the estimates may be mailed to you separately rather than provided on the statement.)

What if You Become Disabled?

As a member of the Defined Benefit Program you have disability protection under one of the CalSTRS disability benefit programs, Coverage A or Coverage B. Once you are vested and meet the eligibility requirements, and you have a medically determinable physical or mental impairment that prevents you from performing your usual job or comparable duties, you may apply for disability benefits. For details on disability benefits, see Section 8.

What Happens When You Die?

Throughout your career, it is important to keep a valid and current *One-Time Death Benefit Recipient* form on file at CalSTRS.

The Defined Benefit Program provides benefits to your survivors when you die either before or after retirement. Your survivors may be eligible to receive either a lump-sum payment or monthly benefits with additional benefits for dependent children. These benefits provide a basic level of security for your survivors. The benefit depends on the options you choose and whether you have Coverage A, Family Allowance or Coverage B, Survivor Benefit. For details, see Section 9, Survivor Benefits.

Less than One Year of Service Credit

If you have earned less than one year of service credit at the time of your death, a refund of your accumulated contributions plus interest is paid to your death benefit recipient(s), or to your spouse or registered domestic partner, if appropriate.

One or More Years of Service Credit

If you have earned one or more years of service credit at the time of your death, your named death benefit recipient(s) may be eligible to receive a one-time death benefit in addition to the refund of the accumulated contributions and interest.

One-Time Death Benefit

A one-time death benefit is payable to the one-time death benefit recipient or recipients under both disability and survivor benefits, Coverage A and B. The amount of the benefit depends on your coverage and whether death occurs before or after retirement. If you do not name a recipient, your estate receives the one-time death benefit.

For information on how dissolution of marriage or termination of a registered domestic partnership may affect your one-time death benefit recipient designation, see Section 10, Tax Information and Legal Matters.

If You Terminate Your CalSTRS-Covered Employment

Termination of CalSTRS-covered employment and a subsequent refund of your accumulated contributions plus interest cancel any eligibility for monthly benefits from CalSTRS.

Survivor or Disability Benefits

Termination of CalSTRS-covered employment for four consecutive months or more eliminates your eligibility for survivor or disability benefits. This time limit does not apply to eligibility for service retirement.

Exceptions to the Four-Month Limit

The four-month limit does not apply if you die during an approved leave of absence of up to 12 months for a reason other than disability or military service.

Eligible recipients may receive a one-time death benefit and/or a monthly benefit under the following two circumstances:

- If medical reports show that you became incapacitated within four months of your last day of service — and remained continuously incapacitated to the date of death or
- If you were receiving a disability benefit under Coverage A.

Refunding Your CalSTRS Contributions

Defined Benefit Account

Your Defined Benefit Program contributions, plus interest, are refundable upon termination from all employment to perform creditable service in any California public school.

Upon receipt of a completed refund application, CalSTRS will refund all your Defined Benefit member contributions including tax-deferred member contributions under the Employer Pick-Up Program plus credited interest on your money. Partial refunds are not permitted. Employer and state contributions are not refundable.

It is important to note that a refund of your contributions terminates your CalSTRS membership and you will not be eligible for any benefits from CalSTRS, including a lifetime monthly retirement benefit.

Defined Benefit Supplement Account

If after termination of employment you have not performed creditable service for one year and you have received a refund of your Defined Benefit account, CalSTRS will refund your Defined Benefit Supplement account after you respond to a CalSTRS correspondence regarding the payout. You cannot redeposit your Defined Benefit Supplement funds if you decide to return to CalSTRS-covered employment.

Consider a Refund Carefully

If you have fewer than five years of service credit and do not plan to return to teaching and you are not eligible for retirement with any of the California public systems listed under Retiring From More Than One Public Retirement System in Section 6, you may be considering a refund. However, if you are a career teacher with substantial service credit, or you are eligible for retirement with another California public system and are approaching age 55, we highly recommend you learn more about the consequences of taking a refund.

Consequences of a Refund

- If you withdraw your contributions and interest before age 59½, the distribution may be subject to income tax and a 10 percent federal excise tax as well as a 2.5 percent state excise tax.
- If you return to membership after taking a refund and later redeposit contributions and interest:
 - Your membership date changes to your return date.
 - You will be covered under Coverage B for survivor and disability benefits even if you had Coverage A before.
 - You must accumulate a year of service credit before you are eligible for CalSTRS benefits.

Important: If you return to membership and wish to receive full retirement benefits from your past membership with CalSTRS, you must fully buy back the service credit represented in the refund.

More Refund Information

For more refund information, go to www.calstrs.com or call 800-228-5453 and order *Refund: Consider the Consequences*. Or call CalSTRS and select the Teletalk option and then enter 700.

Redeposits – Restoring Service Credit

Redepositing allows you to restore the service credit represented by refunded contributions. If you return to teaching or other CalSTRS-covered employment or become eligible for retirement with another California public retirement system you may elect to buy back past Defined Benefit Program refunded service credit by redepositing your prior refunded contributions plus regular interest. For a list of these other California systems, see *Retiring From More Than One Public Retirement System* in Section 6.

The longer the elapsed time between refund and redeposit, the higher the redeposit amount will be.

You may not redeposit refunded Defined Benefit Supplement contributions and interest.

Before you are eligible for CalSTRS benefits, you must have earned at least one year of service credit after you received the most recent refund of accumulated retirement contributions, unless you are retiring concurrently with another California public retirement system.

You may choose to restore a portion, rather than all, of the service credit you forfeited when you took a refund.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you received a refund.

In some community property settlements, a member's service credit and contributions and interest are divided to create a separate account for the former spouse or registered domestic partner. If the former spouse or partner takes a refund of his or her account, the member can then choose to restore all or a portion of the service credit awarded to the former spouse or partner.

Cost to Redeposit

The amount you need to redeposit and the benefits from restoring service credit will vary depending on your individual situation.

For example, a teacher who withdrew \$10,000 (representing three years of service) in May 1993 and wants to purchase those years of credit in April 2005, would be required to redeposit \$21,666.

For more information on purchasing service credit, see Section 6, *Your Retirement Benefit*. If you are considering a redeposit, order the *Purchase Additional Service Credit* brochure from www.calstrs.com or call CalSTRS at 800-228-5453.

Defined Benefit Supplement Program

Since January 1, 2001, each active Defined Benefit member has had established for them a Defined Benefit Supplement account. This account will be available to you when you begin to take a Defined Benefit monthly benefit or one year after you terminate CalSTRS-covered employment. The account receives funds from three sources in addition to interest.

One source is 2 percent of your creditable compensation, which is one-fourth of your contribution to CalSTRS. This amount will automatically go into your DBS account from January 1, 2001, through 2010. There will be no change in the 8 percent retirement contribution currently withheld from your paycheck. The redirection of contributions to your DBS account will not affect your CalSTRS DB retirement benefit.

In addition, since July 1, 2002, if you earn more than one year of service credit in a school year, your contributions and most of the employer contributions from your earnings in excess of one year will be allocated to your DBS account. This provision will not end at the end of 2010, as does the redirection of the member contribution mentioned earlier.

Lastly, some members receive special limited-term payments or compensation intended to enhance their Defined Benefit retirement benefits. Effective July 1, 2002, member and employer contributions on these payments are credited to the Defined Benefit Supplement accounts.

The funds in the DBS accounts earn interest at a rate set at the beginning of each plan year, July 1 through June 30, by the Teachers' Retirement Board, based on the 30-year Treasury rate. At the end of each year, if actual earnings exceed the board-set interest rate, the board may declare an additional earnings credit.

Contributions into the Defined Benefit Supplement account will not affect your ability to make contributions into a 403(b) or similar tax-deferred savings plan.

Access to DBS Funds

Funds available at retirement or at termination of employment will vary, depending on your salary, overtime compensation and the interest the account earns. All contributions and interest in your Defined Benefit Supplement account will appear on your CalSTRS *Annual Statement of Account*.

Your funds will be available to you when you begin to take a Defined Benefit monthly benefit or one year after you terminate CalSTRS-covered employment.

The DBS account beneficiaries are the same as the beneficiaries named on your Defined Benefit account. Defined Benefit Supplement account funds can be withdrawn only when you die, become disabled, retire or one year after terminating CalSTRS-covered service. Please note that you cannot borrow against your Defined Benefit Supplement account.

You can choose to receive the balance of the contributions and interest in your Defined Benefit Supplement account as a:

- **Lump-sum payment** – only choice if you are receiving a refund or your account is less than \$3,500.
- **Monthly payment** – If the balance is at least \$3,500, you may choose one of the following annuity types to distribute payment over your and your beneficiary's lifetime, based on the option you chose for your Defined Benefit payment:

- Single-Life Annuity with Cash
- Single-Life Annuity without Cash
- 100% Joint and Survivor Annuity
- 50% Joint and Survivor Annuity
- Period-Certain Annuity
- Combination Lump-Sum Payment

For details on the Defined Benefit Supplement account annuity options, see Section 6, Your Retirement Benefit.

Changing Employment to a Different Public Retirement System

Occasionally, teachers or others who perform CalSTRS creditable service change employment to positions that are subject to coverage by another California public retirement system. For example, a classroom teacher may take a position as a human resources specialist in the district office, a position usually subject to California Public Employees' Retirement System coverage. On the other hand, a human resources specialist may decide to take a teaching position, a position usually subject to CalSTRS coverage. CalSTRS or CalPERS members who change employment subject to coverage by the other system will have an opportunity to continue coverage or change to the other system.

The two systems are treated differently for Social Security coverage. CalSTRS members do not participate in Social Security, but CalPERS members do. Members of either system are urged to contact the Social Security Administration at 800-772-1213 to determine how the change will affect any Social Security benefit due the member.

If You Change to a CalPERS Position

If you are a member of the CalSTRS Defined Benefit Program and become employed by the same or a different school district, community college district, or county superintendent of schools or have limited state of California employment to perform service that requires membership in the California Public Employees' Retirement System, you may elect, within 60

days of the date of your new employment, to continue coverage under the Defined Benefit Program. If you do so, service in your new position, normally subject to coverage by CalPERS, would be treated as creditable service under the CalSTRS Defined Benefit Program.

The election:

- Must be made within 60 days of the date of hire into the new position.
- Must be done on the appropriate form provided by the employer.
- Is effective as of the date of hire into the new position.
- Is irrevocable and applies to all service in that position.

If a CalPERS Member Changes to a CalSTRS Position

Certain members of CalPERS who subsequently are employed to perform CalSTRS creditable service can elect within 60 days of their new hire date to continue coverage under CalPERS for all subsequent CalSTRS creditable service. This applies to CalPERS members employed by:

- A school district.
- The Board of Governors of California Community Colleges.
- The state Department of Education as of January 1, 2002.
- A local or state agency not listed above (only applies to vested CalPERS members).

The election:

- Must be made within 60 days of the date of hire into the new position.
- Must be done on the appropriate form provided by the employer.
- Is effective as of the date of hire into the new position.
- Is irrevocable and applies to all service in that position.

Dual Membership

Members of CalPERS who are employed on a full-time basis and accept part-time employment to perform creditable service covered by the CalSTRS Defined Benefit Program can permissively elect membership in CalSTRS and have their part-time service reported to CalSTRS.

Information on Both Systems

To help you compare both systems, review the benefit information in this handbook, as well as the benefit information booklet provided by CalPERS. Both publications are available from your employer.

In addition, the CalSTRS brochure *Join CalSTRS? Join CalPERS?* outlines and contrasts the basic benefits of the two systems. For a copy, visit our Web site at www.calstrs.com, ask your employer or call CalSTRS at 800-228-5453.

3. Benefits for Part-Time Educators

This section is for you, the part-time educator. As a part-time educator you have access to all the benefits that CalSTRS offers. However, your part-time status presents you with special considerations in retirement planning. As a part-time educator, you have additional decisions about which retirement plan coverage to choose, as well as issues to consider that are unique to part-time employment.

Retirement Plans for Public School Employees

Federal law requires all employees to be covered under a retirement plan. California state law requires all public school employers to provide the CalSTRS Defined Benefit Program. For employees in certificated positions whose time base is less than half-time, public school employers must also offer either Social Security or another retirement program as an alternative to Social Security. The CalSTRS Cash Balance Benefit Program, described later in this section, is one example of an alternative to Social Security. Your employer may offer other alternative retirement programs. See your employer for full details about the specific programs it offers.

Choosing the Plan That's Right for You

If your basis of employment is less than 50 percent of full-time, here are some questions that may help you decide which retirement plan coverage is best for you:

- Do you plan to be a career teacher?
- Does teaching provide you supplemental income or is it your primary source of income?
- Prior to teaching, did you have employment that required you to pay into Social Security?

- What is the contribution rate for the plan and does the employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a record of sound investment experience?
- When does the plan permit distribution of your account?

Retirement Options for Public School Educators

Defined Benefit Program

Members of the CalSTRS Defined Benefit Program who are employed on a part-time or adjunct basis are a distinctive group within the CalSTRS system. Your retirement benefit calculation uses the same components as a member who works full time: age factor, final compensation and service credit, as described earlier in Section 2. However, for you two of those components, final compensation and service credit, are determined differently. Your final compensation and service credit depend on the amount you would have earned if you were working full time in your position. This amount of work is called *full-time equivalent* and this amount of compensation for the full-time equivalent is called *earnable compensation*.

Full-Time Equivalent

The full-time equivalent is the time that a member who is employed on a part-time basis would be required to work in one school year if he or she were employed full time in that position. For members employed in a community college or as an adult education instructor on a part-time basis, the FTE must be identified specifically in either the collective bargaining agreement or in the

employment agreement. The FTE stated in the agreement must be at least the minimum number of days or hours specified by law.

Note: The FTEs listed below are minimum standards; your individual FTE could be higher if your employer requires full-time employees to work more days or hours in that same activity in a school year.

It is important to make sure that your employers determine your FTE properly. Different assignments, even with the same employer, may have different FTEs. Refer to your employment agreement or collective bargaining agreement to obtain your

employing district's established FTE for your type of employment. If you see a discrepancy, contact that employer's office that reports earnings to CalSTRS.

Calculating Earnable Compensation

Your earnable compensation is not the compensation you actually were paid, but what you would have been paid if you worked full time in that position. Therefore, you take the hourly or daily rate for that position and multiply it by the full-time equivalent for the position to determine your earnable compensation.

Calculating Final Compensation

Another key component of your retirement calculation is final compensation. Your final compensation is equal to the highest average annual earnable compensation for three consecutive years, or 12 consecutive months if you have earned 25 years of service credit.

Calculating Service Credit

For part-time and adjunct faculty, service credit for one school year is equal to how much you actually earned in an assignment

Minimum Full-Time Equivalent	
If you are a:	Then the <i>minimum</i> FTE is:
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
Community college adult education instructor	875 instructional hours, plus mandatory office hours, if paid
K-12 teacher or any other person who works directly with pupils, including an instructor in an adult education program	175 days or 1,050 hours

Part-time Community College and Adult Education Instructor Service Credit

In one school year, Juanita teaches as a community college instructor for 262.5 hours, which is half of the FTE in her district. She also works as an adult education instructor for 350 hours or 40 percent of the FTE for that position.

Percent Time	Minimum Worked	Actual FTE	÷ Earnings		Full-Time Rate	= Service Credit Earned
Community College Instructor	50% (262.5 hours)	525 hours	\$15,000	÷	\$30,000	= .500
Adult Education Instructor	40% (350 hours)	875 hours	\$10,800	÷	\$27,000	= .400
Total Service Credit						= .900

Juanita would earn .900 of service credit for the year.

Part-time K-12 Teacher Service Credit

During the 2003-2004 school year, Janet taught 30 percent of the FTE for K-12 teachers in her district, or 315 hours. The full-time pay rate was \$42,000. Because she worked every day of her 30 percent teaching contract, she earned \$12,600 for the school year.

	Percent Time Worked	Minimum FTE	Actual Earnings	÷	Full-Time Rate	= Service Credit Earned
K-12 Instructor	30% (315 hours)	1,050 hours	\$12,600	÷	\$42,000	= .300

Janet would receive .300 of service credit for the year.

divided by your earnable compensation for that assignment. When a member works multiple assignments, service credit is the sum of the service credit earned in each individual assignment, up to one year of service credit in a school year.

Raising Your Defined Benefit Retirement Amount

Increasing Service Credit with Additional Assignments

If you work on a part-time or adjunct basis, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. Service credit can now be earned for activities such as teaching summer school and intersession, paid office hours, attending staff development days and serving as a coach, band director, yearbook editor or department chair. Extra service will count as additional service credit and will be included in calculating your total service credit for that school year. However, when you near retirement, be sure to consider another factor — final compensation.

Consider Final Compensation If Working for Multiple Employers

As a part-time educator, when you have more than one employer, your earnable compensation is the sum of all your actual salaries divided by the sum of all your service credit earned for the school year. Your final compensation is the average annual earnable compensation during your final compensation period, which is generally your last three years of employment. When salary rates and service credit vary within a school year, your final compensation may be lower, which can lower your retirement benefit. This means it is possible to earn a larger retirement benefit if you reduce the number of employers you work for during your final compensation period.

The following example shows how the calculation can affect the retirement benefit of a part-time educator.

Working for Multiple Employers

Kali works part time at two high schools and a community college. He has 8.95 years of service. If he continues to work for all three employers during his last three years before retirement at age 63, here is how his final compensation would be calculated:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
C	6,563	.250
Total	\$40,173	.850

Kali's annual earnable compensation is: $\$40,173 \div .850 = \$47,262$

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate and his retirement benefit would be higher.

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
Total	\$33,610	.600

His annual earnable compensation for final compensation is: $\$33,610 \div .600 = \$56,017$

However, if Kali also terminates the position with the next lowest annual pay rate, his final compensation would be even higher.

Employer	Earnings	Service Credit
B	\$30,250	.500
Total	\$30,250	.500

His annual earnable compensation for final compensation is: $\$30,250 \div .500 = \$60,500$

Here's the impact of the three alternatives on Kali's retirement benefit calculation:

Works all three jobs:

Service Credit	Age Factor	Monthly Final Compensation
11.500 x 2.4%	x	\$3,938 = \$1,087 per month

Terminates job with Employer C at the lowest annual pay rate:

Service Credit	Age Factor	Monthly Final Compensation
10.750 x 2.4%	x	\$4,668 = \$1,204 per month or \$117 more per month

Terminates all jobs except one with Employer B at the highest annual pay rate:

Service Credit	Age Factor	Monthly Final Compensation
10.450 x 2.4%	x	\$5,042 = \$1,265 per month or \$178 more per month

Kali decided that the increase of \$178 per month in his retirement benefit was significant enough to terminate employment at two of his part-time jobs. Over the lifetime of his retirement, the difference in income would likely be about \$53,000, not including the 2 percent annual benefit adjustment and any ad hoc increases or purchasing power increases.

However, Kali could not afford to work at only one part-time job during his final three years before retirement. To compensate for the loss in salary, he found part-time employment in addition to teaching in the public school system.

Each person's situation is different. We recommend you meet with a benefits counselor before making decisions that may affect your retirement benefit.

Social Security Program

Your district will offer Social Security to its part-time employees if it does not offer an alternative retirement program. Be aware that under federal law if you qualify for Social Security from any employment, including your spouse's, your Social Security benefit may be reduced if you receive a retirement or disability benefit from the Defined Benefit or Cash Balance Benefit programs or any alternative to Social Security offered by your employer. However, your Defined Benefit Program or Cash Balance Program benefit described in the following text will not be reduced if you receive Social Security benefits.

Because the provisions of Social Security are complex, call 800-772-1213 or go to www.ssa.gov to view publications for the Windfall Elimination Provision (reduction in employee's Social Security benefits) and Government Pension Offset (reduction in employee's Social Security benefits from spouse's employment).

Cash Balance Benefit Program

CalSTRS offers a program designed specifically for part-time educators, which your district may provide as an alternative to Social Security. Your eligibility to participate in the Cash Balance Benefit Program is determined by your basis of employment, rather than the actual hours you work.

Your Cash Balance Benefit contributions are made in pre-taxed dollars via payroll deduction. There are no fees or charges for participation. In addition to a retirement benefit, you are also eligible for disability and death benefits.

For more information on the Cash Balance Benefit program, call 916-229-0554.

The Cash Balance Benefit Program provides you:

- *Immediate vesting*
You are immediately eligible for a benefit equal to the sum of the balance of contributions, including compounded interest earned on your and your employer's accounts.
- *Variable contribution rates that can be bargained*
Your employer must contribute at least 4 percent of the salary you earn, and, generally, you also pay 4 percent. However, each employer may bargain alternative rates. You receive all contributions — both yours and your employer's — and interest, if you terminate public school employment.
- *Secure investments*
The CB Benefit Program investment portfolio is managed by CalSTRS investment professionals, who have a long and successful record of achievement.
- *Guaranteed interest rate*
The interest rate is set by the Teachers' Retirement Board for each plan year based on the 30-year Treasury rate. For 2004-2005, the rate is 5.0 percent.
- *Additional earnings credit*
The Teachers' Retirement Board may, on an annual basis, grant an additional earnings credit to be added to your account.

- *Portability to meet the needs of a part-time educator*

In most cases, you can continue participation in the Cash Balance Benefit Program if you move to another employer that offers the program. If you become a member of the Defined Benefit Program and are no longer contributing to the CB Benefit Program, you may elect to receive credit in the DB Program for eligible CB service.

- *Options if you leave public school employment*

If you leave public school employment entirely, you have two options: leave the contributions on deposit in your account; or withdraw all contributions, including employer contributions, plus interest, subject to a one-year waiting period following the date you terminate employment. If you choose to withdraw your funds, you can roll them over to another eligible retirement plan or an IRA.

- *Flexibility at retirement*

You can take your contributions, your employer's contributions, plus compounded interest in a lump sum, or you can choose an annuity to provide monthly retirement benefits if your balance is at least \$3,500.

Are You Eligible to Participate?

When you are hired by a K–12 district, county office of education or a community college district, your employer is required to notify you that you can elect membership in the CalSTRS Defined Benefit Program, even though you are a part-time employee. You have the option to participate in the Cash Balance Benefit Program, the Defined Benefit Program or an alternative plan your employer may offer. If you choose the CB Benefit Program and your basis of employment changes to half time or more, you will automatically become a member of the Defined Benefit Program.

As long as your basis of employment remains less than half time, you can choose to participate either in the CalSTRS Cash Balance Benefit Program or the CalSTRS Defined Benefit Program — if you are employed in a district that offers the CB Benefit Program.

Effective July 1, 2005, part-time temporary community college instructors and adult education community college instructors are exempt from mandatory Defined Benefit membership requirements. Therefore, they can choose the Cash Balance Benefit Program if it is offered by their employer.

Participating School Districts

Can Offer CB Benefit Program

School districts and community colleges can offer their part-time employees the CB Benefit Program. Offering the CB Benefit Program may be bargained, as some districts are doing currently. Contact your district(s) or county superintendent of schools or union representative to determine if the CB Benefit Program is available.

Working for Multiple Employers

You can contribute to the CB Benefit Program at one or more participating school districts or community colleges if your basis of employment is less than half time for each position at each school or college district.

Choosing Between Defined Benefit and an Alternative Retirement Program

As a part-time or adjunct employee, you have a choice of retirement programs. Employers must offer the Defined Benefit Program and an alternative program to all adjunct employees or part-time educators hired to work less than 50 percent of the full-time equivalent for a specific position. Districts can offer one or more of the following programs:

- CalSTRS Cash Balance Benefit Program
- Another program chosen by the district
- Social Security

Full-time employees are automatically enrolled in the CalSTRS Defined Benefit Program. As a part-time employee, you may choose the Defined Benefit Program anytime during your career.

You may want to choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become vested (five years of service credit). This could take 10 years of half-time employment.
- Want a monthly benefit that provides a specific amount that is known in advance and payable for life, and not on the monies in your account.
- Are comfortable contributing 8 percent of your pay toward your retirement.

You may want to choose the Cash Balance Benefit Program if you work in a district where it is offered and you:

- Want a program that provides immediate vesting.
- Want a lump-sum or lifetime monthly benefit based on monies credited to your account with a guaranteed interest rate.
- Are comfortable with the contribution rate, which is typically 4 percent of your salary depending on your local bargaining agreement. This rate is matched by your employer.

Consolidating Your Cash Balance and Defined Benefit Coverages

You may have benefit coverage under both the Defined Benefit Program and the Cash Balance Benefit Program due to past CB-covered employment. If you meet eligibility requirements, you may elect to have CalSTRS consolidate your benefit coverage under the DB Program. To be eligible, you must currently be making contributions under the DB Program; you can no longer be contributing to your CB account; you must have eligible CB service to convert; and you must have funds in your CB account.

When you elect to consolidate your benefits, CalSTRS will transfer the contributions and interest from your Cash Balance account to the Defined Benefit Program and close your CB account. CalSTRS will determine the service credit that could be added to your DB account based on the funds in your CB account and will apply those funds toward

the cost of converting your eligible CB service under the DB Program. In many cases, CB Benefit Program contributions and interest will not cover the full cost of all eligible CB service that you performed because the DB Program requires twice the contributions to cover service as does the CB Benefit Program. You may contribute personal funds toward covering the remaining cost of your eligible CB service.

In some cases, you may have more funds in your CB account than are required to cover the cost of your eligible service. This could occur if, for example, your CB account includes funds that were rolled over from another retirement plan or you had past over-time service that was covered by CB. If this occurs, you may specify how you would like CalSTRS to allocate the residual amount in your CB account after funds are transferred to cover the cost of consolidating benefits.

You may use the residual amount to redeposit previously withdrawn contributions or use it to pay for additional service that you are eligible to purchase. The types of service that you may purchase are outlined in the *Purchase Additional Service Credit* brochure. Any funds remaining in your account that are not used for these purposes will be transferred to your Defined Benefit Supplement account and your CB account will be closed as part of the benefit consolidation process.

Consolidating benefits provides several advantages including:

- You may increase the amount of service credit that will be used to determine your retirement benefit, which may increase your monthly retirement benefit.
- Credit for your eligible CB Benefit Program service may also be used toward eligibility for benefit enhancements, such as one-year final compensation, career factor and longevity bonus.

For more information about the CalSTRS Cash Balance Benefit Program or to request *FAQs About Consolidating Benefit Coverage*, call 800-228-5453 or visit our Web site at www.calstrs.com. You may also send your questions to cashbal@calstrs.com.

4. Building Your Financial Future

Whether you are new to teaching or a seasoned veteran, CalSTRS can help you plan your financial future. This section of the handbook highlights CalSTRS services and programs that can help you develop a plan that will provide the most benefit to you. Consider:

- Attending a workshop to build your knowledge of CalSTRS benefits and help with your plan.
- Meeting with a benefits counselor to gain detailed information about your benefit.
- Knowing how much you need to achieve your retirement goal.
- Using the CalSTRS Voluntary Investment Program to provide supplemental income you may need to reach your retirement goal.
- Using the CalSTRS Home Loan Program to assist you with achieving home ownership, a key part of building a secure financial future.

Your first step should be to learn what you need to include in your plan. The best way to accomplish that is by participating in a CalSTRS workshop. Each workshop is designed to help you determine what should be in your plan, depending on where you are in your career.

Step One – Attend a Workshop

All CalSTRS members are encouraged to attend workshops as the first step to establishing a foundation of knowledge about their CalSTRS benefits. Workshops provide an environment to ask questions and formulate plans as members go through their careers. The workshops are offered at no cost. Members are encouraged to bring a spouse or guest with them.

CalSTRS offers three different workshops — each designed to meet your needs at different stages during your career.

You can register for our workshops in two ways:

- Call toll-free 888-394-2060. If you're not sure which workshop is best for you, the person who registers you can assist you in determining the one that will be most beneficial.
- You can also register online. Go to www.calstrs.com and follow the *Counseling/Workshops* link.

A family member or friend is encouraged to attend as your guest, but must be registered so that a space is reserved for them.

Early Career	Demystifying CalSTRS
1 to 5 Years	This 1½-hour workshop explains the CalSTRS benefits and programs available to you and shows you how your benefits are calculated. <i>Demystifying CalSTRS</i> lays the foundation to help you plan a more secure future. If you have never attended a CalSTRS workshop this is the place to start.
Mid-Career	CalSTRS Fundamentals
5 to 20 Years	<p>This 2½-hour workshop covers your benefits and financial planning in detail. You'll learn:</p> <ul style="list-style-type: none">• How your retirement benefit is calculated and how to increase your benefit.• How to provide a lifetime monthly benefit for another person.• What your disability and survivor benefits provide.• How to complete a financial checkup.• How to set your retirement goals.• Why you need to save in a tax-deferred account.• How to judge your tolerance for investment risk.• How to choose a financial planner.
Near Retirement	CalSTRS Retirement Checkup
20 + Years or Age 55	If you're getting close to retirement and have at least five years of service credit, <i>CalSTRS Retirement Checkup</i> is for you. This 1½-hour workshop goes into detail on how your retirement benefit is calculated, how to provide a lifetime benefit for another person, your disability and survivor benefits, working after retirement and resources for prospective retirees.

Workshops on Demand

Do you live or work in an area where we do not have a scheduled workshop? Workshops can be scheduled “on demand.” Call 888-394-2060 and we’ll take care of all the details so that we can come to you. Please be aware that we require a minimum number of attendees for each workshop.

Step Two – Make a Counseling Appointment

The second step in planning your financial future is to see a benefits counselor for personalized assistance. You will get much more out of your counseling session and will know which questions to ask if you have attended a workshop first.

A benefits counselor can help you create a CalSTRS retirement plan tailored to your needs. Prior to your appointment, the counselor will research your work history, salaries and other data. Then the counselor will provide you with a retirement estimate and go over the calculations with you. Our counselors can also explain the different decisions you will need to make before you retire, including choosing an option. If you are not ready to retire, or if you are considering going on disability, a counseling appointment can provide information that will help you to make a decision or explore possibilities, depending on your situation.

How to Schedule an Appointment

You can meet with a benefits counselor face-to-face or over the phone. To meet with a counselor in person contact the office that is most convenient for you. The interviews are usually scheduled about four weeks in advance.

To schedule a phone counseling appointment call 800-228-5453 Monday through Friday, from 8 a.m. to 5 p.m. and be prepared to provide the following information to the scheduling technician:

- Personal information including Social Security number, birth date, address and phone number.
- Your projected retirement date.

- Your unused sick leave days and the number of days in your contract.
- Your option choice and the birth date of your option beneficiary (if applicable).

Appointments are available about two weeks in advance and can be done during the work day, early evening and on Saturday. The counselor will research your employment history and prepare your customized estimates. The information is mailed to you in advance of your appointment so that you have it in front of you on the day of your appointment. Read through the information when you receive it so that you can prepare any questions you may have ahead of time.

County/City	Phone Number
Alameda/Hayward.....	510-670-4200
Contra Costa/Pleasanton/Dublin	925-426-0102
Contra Costa/Pleasant Hill	925-932-9817
Fresno	559-497-3797
Kern/Bakersfield	661-636-4880
Los Angeles/Downey/Reseda.....	562-922-6414
..... or	562-922-6838
Monterey/Salinas.....	831-784-4195
Orange/Costa Mesa/Laguna Hills	714-966-4251
Placer/Auburn	530-745-1466
Sacramento/Elk Grove	916-686-7778
Sacramento/Fair Oaks	916-971-7918
San Bernardino/Colton	909-433-4686
San Diego	858-292-3565
San Francisco.....	415-355-7756
San Joaquin/Stockton.....	209-468-4864
San Mateo	650-312-7712
Santa Barbara/Santa Maria	805-928-0542
Santa Clara/San Jose	408-535-6171
Santa Cruz/Capitola.....	831-476-7140
Shasta/Redding.....	530-225-0203
Solano/Fairfield.....	707-399-4445
Sonoma/Santa Rosa	707-524-2627
Stanislaus/Modesto	209-525-4831
Tulare/Visalia	559-733-6760
Ventura/Camarillo	805-383-1993
Yuba/Marysville.....	530-749-4900

The busiest months for benefits counselors are April, May and June, so it may be easier to get an appointment earlier in the school year.

How Much Will You Need to Retire?

At retirement, career teachers can expect to have 60 percent to 65 percent of their salary replaced by their Defined Benefit retirement benefit. Financial planners recommend that to maintain your current lifestyle after retirement, you should replace 80 percent to 85 percent of your salary. To meet this goal, it is important to have other sources of retirement income.

Traditional sources of retirement income for American workers consist of three components:

- A worker's pension from his or her employer
- Social Security
- Optional retirement savings plan

CalSTRS members typically have these three sources of retirement income:

- CalSTRS Defined Benefit monthly pension
- Defined Benefit Supplement account
- Optional 403(b) retirement savings plan such as the CalSTRS Voluntary Investment Program

Planning ahead to make the most of your retirement benefit will ensure you the lifestyle you desire after you leave the classroom. One important factor to increasing your retirement benefit is the purchase of additional service credit. See Section 6, Your Retirement Benefit.

CalSTRS members do not receive Social Security benefits from their CalSTRS-covered employment. However, if you will receive Social Security through other employment or expect to receive a Social Security benefit based on a spouse's earnings, see Section 5, Approaching Retirement, for information on how Social Security may affect your retirement benefits.

CalSTRS Voluntary Investment Program

An important component to maintaining your current standard of living after retirement is to set aside funds while you are working to supplement your CalSTRS pension. The Voluntary Investment Program, also referred to as VIP, offers any public school employee

the opportunity to invest these additional funds on a tax-deferred basis for a secure financial future.

As a 403(b) savings program, the Voluntary Investment Program allows you to automatically save a pre-taxed portion of your salary and invest it in your choice of 12 different investment funds or manage it yourself through a self-managed account.

VIP Features

- *More investment flexibility than ever before* – with 12 investment options, all chosen to offer a well-diversified selection of funds, this program includes such well-known fund families as Vanguard, Fidelity and Dodge & Cox.
- *Free, personal financial advice* – online at www.calstrs.com or from qualified professionals toll-free at 800-699-4032.
- *Enhanced online trading* – including the self-managed account, called the Mutual Fund Window, with its 4,000 mutual funds from more than 300 fund families.
- *Greater ease of borrowing from your account* – for those unexpected financial emergencies that come along.
- *Low administrative costs* – passed on to plan participants.
- *Knowledgeable and responsive services reps* – call 800-699-4032.
- *Great savings opportunities from CalSTRS* – your trusted retirement benefit provider.

Free Advice Available

The Voluntary Investment Program offers a free, enhanced advice service designed for VIP participants who want to learn more about personalized savings and investment. This popular VIP service is available online or by telephone. Provided by CalSTRS, advice is available from trained and licensed financial advisors through CitiStreet Advisor Service and powered by the online service, Financial Engines.

The advisor service helps you to:

- Build a personalized profile of your financial resources and retirement goals.
- Understand the likelihood of reaching your goals with your current savings and investment strategy.

- Design a personalized saving and investment plan to better meet your goals.

You will also receive free initial and ongoing consultations, expert and unbiased retirement planning advice, automatic investment rebalancing and quarterly summaries of progress toward your retirement goals.

Rollovers to VIP

In addition to payroll deductions, you can roll over an existing balance from other qualified retirement plans, such as 403(b) plans and governmental 457 plans. You may also roll over all or a portion of the amount in an IRA provided that the entire balance in the IRA is attributable to a prior rollover from a qualified pension, profit sharing, 401(k) or stock bonus plan.

CalSTRS members who are no longer employed in CalSTRS-covered employment can still roll over an existing balance from qualified plans into the Voluntary Investment Program, but they cannot contribute additional funds until they resume CalSTRS-covered employment. CalSTRS retired members are also eligible to participate in the program by transferring funds from their qualified savings plan to the VIP.

For More Information

Call the VIP information line at 800-699-4032 to request an enrollment kit or order it online at the Voluntary Investment Program section under *Members* at www.calstrs.com. The Web site provides a list of current investment funds.

If your employer does not offer the CalSTRS Voluntary Investment Program, please contact us at 800-228-5453.

Comparing 403(b) Plans

No matter which 403(b) optional savings plan you choose, you have a tool to help you make an informed decision. The 403bCompare Web site at www.403bcompare.com provides detailed, objective information about the 403(b) plans available to you.

The site, created and managed by CalSTRS, will help you compare the performance,

features and fees of registered 403(b) plans. You will only be able to establish a new account with vendors registered on the site.

You can use the site to view the 403(b) vendors approved by your employer and then compare the products they offer. The site will show you available investment options, fees involved, and product performance, as well as each vendor's experience and services.

In addition, the 403bCompare Web site has links to general retirement planning information and educational materials. Visit www.403bcompare.com and see how it can help you make better-informed investment decisions.

CalSTRS Home Loan Program

A key part of a secure financial future can be homeownership. The CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance Benefit Program participants. They can apply for conventional, fixed-rate, first mortgage loans for the purchase or refinance of one-to four-family owner-occupied properties in California. The program not only provides loans to members but also serves as a prudent investment of CalSTRS retirement funds.

The CalSTRS Home Loan Program includes:

- Your choice of lenders statewide
- 45-day rate float down if interest rates fall
- Controlled lender origination fees

Several financing options are available including:

- Conventional Loan Program
- Zero Down Preferred (95%/5%) Program
- 80%/17% Down Payment Assistance Program

For more information, visit our Web site at www.calstrs.com and click *Home Loan Program* under *Resources* or call toll-free at 866-384-4457.

5. Approaching Retirement

As you move through your working career toward the next chapter in your life, it's a good idea to learn about issues and programs to complement your core pension benefits. If you are within a few years of your projected retirement date, you may want to consider the following.

One-Time Death Benefit Recipient

(Formerly called Beneficiary Designation)

When you die, a one-time death benefit may be payable to your named recipient. The one-time death benefit amount varies depending on whether you have Disability and Survivor Coverage A or B and if you die before or after retirement. For details see Section 9, Survivor Benefits.

This is a separate designation from your option beneficiary or beneficiaries who receive a lifetime monthly benefit when you die.

If a one-time death benefit recipient is not in effect on the date of death, the one-time death benefit will be paid to your estate. A one-time death benefit, plus any accumulated contributions remaining in your account, will be paid to your one-time death benefit recipient or recipients if you:

- Were receiving a service retirement benefit at the time of death.
- Were receiving or were eligible to receive a disability retirement benefit at the time of death.
- Had at least one year of service credit and died:
 - while an active CalSTRS member
 - within four months of terminating CalSTRS-covered employment
 - within four months after terminating a disability benefit, if no CalSTRS service was performed

- within 12 months after the last day of paid CalSTRS-covered service, if on an approved leave of absence without compensation for reasons other than disability or military service.

Your CalSTRS *Annual Statement of Account* identifies your one-time death benefit recipient. You can name one or more recipients, and there is no restriction on whom you may name.

To order a *One-Time Death Benefit Recipient* form, call CalSTRS at 800-228-5453 or download or order the form from www.calstrs.com.

Marriage or Domestic Partner Dissolution or Termination May Affect Designation

If the dissolution judgment or termination and the member's death occur after January 1, 2002, the one-time death benefit recipient designation of the former spouse or partner is invalid.

If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *One-Time Death Benefit Recipient* form.

Protecting Your Loved Ones Before You Retire

If you are eligible to retire, you may make a "pre-retirement election of an option" to ensure a monthly lifetime income for another person or persons if you die before retirement. When you elect an option, your monthly benefit is reduced or "modified." The percentage of the reduction is based on the option selected and ages of the member and the beneficiary when the option is selected. For a description of options and their impact on your monthly benefit, see Section 6, Your Retirement Benefit.

If you make a pre-retirement election of an option and die before your retirement, the

monthly benefit paid to your option beneficiary or beneficiaries is based on the modified benefit that would have been paid if you had retired as of the date of death.

When you retire, modification of your benefit will be made using the higher of the option factors in effect as of the date you elected the option or as of your retirement date.

The example below illustrates the difference in benefits if you choose an option before retirement or wait until retirement to choose an option.

Although the benefit will be reduced at retirement, the modified benefit will be slightly higher than it would have been if the member had waited until retirement to choose an option, since the pre-retirement election of an option allows use of the younger member and beneficiary ages.

The advantages and disadvantages of choosing a pre-retirement election of an option must be assessed individually.

Effect of Pre-Retirement Option Election

Member Chooses Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- Both member and option beneficiary were age 55 when pre-retirement option was chosen

Unmodified Benefit		\$1,963.89
Option Factor	x	.906
Member's Modified Benefit	=	\$1,779.28

Member Chooses an Option at Retirement

- Member retires at age 60
- Option 2 beneficiary is also age 60

Unmodified Benefit		\$1,963.89
Option Factor	x	.879
Member's Modified Benefit	=	\$1,726.26

Advantages of a Pre-Retirement Election of an Option

If you should die before retirement and you have chosen an option beneficiary or beneficiaries, they will receive a lifetime monthly benefit. The benefit begins immediately upon your death, regardless of the beneficiary's age.

In most cases, the modified benefit will be greater if a pre-retirement election of an option is made than if an option is elected at the time of retirement.

If you become disabled after making a pre-retirement election of an option and you have a Disability Allowance, Coverage A, you may retain the option election to provide a monthly benefit to your option beneficiary.

Note: The career factor does not apply if the member dies before retirement without a pre-retirement election of an option on file at CalSTRS. For details, see *Benefit Enhancements in Section 6, Your Retirement Benefit*.

Disadvantages of a Pre-Retirement Election of an Option

If you cancel or change your pre-retirement election of an option before retiring, your retirement benefit may be reduced for life.

If your option beneficiary dies before you retire and you had elected an option, the election will be automatically canceled and your retirement benefit may be permanently reduced.

Providing Signatures

Your spouse or registered domestic partner must sign the form for pre-retirement election of an option or the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form must be completed and returned with the pre-retirement election. If your spouse or partner does not sign or if CalSTRS does not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, the pre-retirement election is not acceptable and will not be effective until the requirements are met.

The election will be effective on the date

signed only if CalSTRS receives the election form within 30 days from the date you sign it.

Canceling an Existing Pre-Retirement Election of an Option

You may cancel an existing pre-retirement election of an option at any time before retirement. A pre-retirement election of an option is canceled automatically if you elect a new option, elect a new option beneficiary or beneficiaries, or if your option beneficiary predeceases you.

If the pre-retirement election of an option is canceled, an assessment may apply and is calculated at retirement. The assessment will reduce your monthly retirement benefit for life.

The factors in effect on the cancellation date of the pre-retirement election of an option will be used to calculate the assessment. The assessment factor is based on:

- The option selected.
- Amount of time the pre-retirement election was in effect.
- The age of the member at the time of election and cancellation.
- Whether the member has Coverage A or Coverage B.
- Whether the option beneficiary is the member's spouse or registered domestic partner.

If you are considering canceling your pre-retirement election of an option, electing a different option or naming a different option beneficiary or beneficiaries, we recommend you meet with a CalSTRS benefits counselor to discuss the possible effects of that change on your retirement benefit.

A spouse or partner must sign the cancellation of a pre-retirement election of an option or a *Justification for Non-Signature of Spouse or Registered Domestic Partner* form must be completed and returned with the request for cancellation. If the spouse's or partner's signature is not provided or if CalSTRS does not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, the cancellation is not acceptable and will not be

effective until the requirements are met.

For more information regarding pre-retirement election of an option, call CalSTRS Teletalk at 800-228-5453 and select message 300 or visit our Web site at www.calstrs.com.

Date of Birth Verification

Under some circumstances, CalSTRS will request verification of the birth date of a member or an option beneficiary. Acceptable documentation for birth date verification is listed in order of preference:

- Copy of certified birth record (recorded at least seven years prior to application for CalSTRS benefits).
- Copy of certified church baptismal record (recorded within six years of birth).
- Copy of transcript of listing in federal census (recorded within ten years of birth).

If the name has been changed from the name shown on the record of birth, a copy of the marriage certificate or court order documenting the change is required. Please do not send originals.

If you do not have any of these records, please contact CalSTRS for assistance.

About Social Security

How CalSTRS Benefits May Reduce Social Security Benefits

CalSTRS members do not pay into Social Security, therefore, if you expect to receive a Social Security benefit and a CalSTRS retirement benefit you need to know about two Social Security provisions that may reduce your Social Security benefit. They are the Windfall Elimination Provision and the Government Pension Offset. Your CalSTRS retirement benefit or Medicare benefit will not be reduced because of these provisions in Social Security law.

These provisions may affect members even if they have earned the minimum 40 Social Security credits through other employment

or expect to receive a Social Security benefit based on a spouse's earnings.

You may receive an overstated benefit estimate from Social Security because non-Social Security pensions such as CalSTRS are not taken into account in the estimate. For a more accurate estimate of benefits, please contact the Social Security Administration.

Windfall Elimination Provision

Under the Windfall Elimination Provision, Social Security uses a modified calculation for members who qualify for both a Social Security benefit based on their own covered employment (pays FICA taxes) and a CalSTRS retirement benefit.

Social Security benefits are based on the worker's average monthly earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, for a worker who turns 62 in the year 2005, the first \$627 of average monthly earnings is multiplied by 90 percent, the next \$3,152 is multiplied by 32 percent, and the remainder by 15 percent.

For those who reach 62 or become disabled in 1990 or later, the 90 percent factor is reduced to 40 percent. The exact amount of the reduction is based on the member's years of substantial earnings covered under Social Security and changes every year. In 2005, the maximum reduction in Social Security benefits under the Windfall Elimination Provision is \$313 per month.

CalSTRS members who meet the 40-credit requirement should apply for Social Security, even though the benefit may be reduced. Members are exempt from the Windfall Elimination Provision if they were eligible to retire from CalSTRS prior to January 1, 1986, or if they have 30 or more years of *substantial earnings* under employment covered by Social Security. In 2005, substantial earnings are

\$16,725 annually. With 21 to 29 years of substantial earnings, the 90 percent factor is reduced on a sliding scale beginning at 45 percent for 21 years of substantial earnings up to 90 percent for 30 or more years.

Social Security provides a guarantee to protect workers with relatively low pensions. The amount of the reduction under the Windfall Elimination Provision cannot be more than one-half of the CalSTRS pension based on earnings after 1956 that were not covered by Social Security.

Government Pension Offset

The Government Pension Offset provision affects members expecting to receive a CalSTRS retirement benefit and a Social Security benefit as a spouse, former spouse, widow or widower. Under this provision, the Social Security benefit is reduced by two-thirds of the CalSTRS retirement benefit. If two-thirds of the CalSTRS benefit exceeds the amount of the member's spousal benefit from Social Security, the member will not receive a cash benefit from Social Security. If the spouse's, widow's or widower's benefit is higher than two-thirds of the government pension amount, the beneficiary gets the difference. Even if the beneficiary is not eligible for a cash Social Security benefit, he or she may be eligible for Medicare as a spouse, widow or widower if they are not insured for Medicare on their own.

Members are exempt from the Government Pension Offset if they were eligible for CalSTRS benefits between December 1982 and June 1983 and were entitled to the Social Security spousal benefit before December 1977.

For More Information on Social Security

Due to the complexity of the formulas used in determining Social Security benefits and the many provisions and exceptions in Social Security law, we urge you to speak directly with a Social Security representative. Then you can determine if these provisions or exceptions apply to your individual situation.

Contact the Social Security Administration

at 800-772-1213 or visit its Web site at www.ssa.gov to review or download publications on the Windfall Elimination Provision and the Government Pension Offset. To access the online Windfall Elimination Provision calculator, visit the Social Security Web site at www.ssa.gov, select *Calculate Your Benefits*, and then select *WEP Online Calculator*.

The CalSTRS Web site also provides a brief video on the two provisions. Go to www.calstrs.com and type *Social Security Video* in *Search*.

Health Insurance

District-Provided Health Benefit

CalSTRS does not provide health or dental insurance coverage; your health insurance premiums can be partially or fully paid by your district after retirement through collective bargaining. Therefore, benefits vary district by district. State law requires that school districts, at a minimum, offer retiring CalSTRS members the option to continue their medical and dental insurance at their own cost. Costs can include any premium increases as well as the employer's administrative costs.

As a convenience you can request that CalSTRS deduct your health insurance premiums from your monthly benefit payments.

To request this optional deduction, use the *Insurance Premium Deduction Authorization* form in *Your Retirement Guide* and consult with the benefits department at your district office.

What About Medicare?

While California educators do not pay into Social Security, many do pay the Medicare tax at a rate of 1.45 percent of gross earnings. Therefore, you may be eligible for premium-free Part A Medicare coverage on your own or through your spouse's employment.

Medicare Premium Payment Program

CalSTRS does not provide health insurance coverage. However, CalSTRS will pay the Medicare Part A premium for members who retire or are disabled before July 1, 2006, and are not otherwise eligible for

premium-free Part A, and who enroll in Medicare Parts A and B.

Members who retire or are on disability between January 1, 2001, and June 30, 2006, must meet these specific criteria:

- Not be eligible for Medicare Part A without payment of a premium AND
- Enroll in Medicare Parts A and B at age 65 AND
- Retire from a school district that either:
 - had an election to permit certificated employees to be covered by the Medicare payroll tax prior to January 1, 2001, OR
 - has completed or is conducting the election on or after January 1, 2001, and if the member was less than 58 years of age at the time of the election, the individual member elected to pay the Medicare payroll tax. Members must retire during or after the 10-day election period.

In addition, you may authorize CalSTRS to deduct Medicare Part B and other group insurance premiums from your monthly retirement benefit. For information on this subject, see the brochure, *Your Retirement Guide*.

A Medicare Premium Payment Program informational packet will be mailed to retired members as they approach their 65th birthday.

CalPERS Long-Term Care Program

Long-term care provides personal care that some may need as a result of an accident, a chronic illness or a disabling disease such as Alzheimer's.

You and your family may be eligible for the CalPERS Long-Term Care Program. Those eligible to participate include CalSTRS active and retired members and Cash Balance Benefit Program participants, as well as their spouses, parents-in-law and siblings age 18 or older.

Call CalPERS Long-Term Care directly at 800-338-2244 or 888-225-7377 for information and an enrollment kit. You can also obtain program information from the CalPERS Web site at www.calpers.ca.gov.

Reduced Workload Program

The CalSTRS Reduced Workload Program (sometimes referred to as the “Willie Brown Act”) allows eligible members to reduce their workload from full-time to part-time duties, defined as a minimum of 50 percent of full time, for up to 10 years — normally the last 10 years before retirement. The opportunity to participate is available only if your employer offers the program.

Both member and employer contributions are paid on the full-time earnable salary, rather than the actual part-time salary earned while participating in the program. Therefore, the employer will be required to pay a higher contribution rate for a member to participate.

Because contributions are based on the full-time earnable salary, you will receive full-time service credit while working less than full time. At the time of retirement, your benefit will be calculated as though you continued to work full time, including determination of final compensation.

You must be age 55 or older, have been employed full time for a minimum 10 years of credited service and have been employed full time performing creditable service five consecutive years immediately before entering the program.

The consequences can be significant for failing to work at least 50 percent as required by the Reduced Workload Program; that is, if you do not earn creditable compensation for at least 50 percent of full-time service in any one school year. Service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently, she failed to perform creditable service for at least 50 percent of full time that year. Therefore, for that year she would not be eligible to participate in the Reduced Workload Program. She would earn service credit for only the time worked.

Retiring before the end of the school year can also affect program participants in the Reduced Workload Program. After discussing the Reduced Workload Program with your employer and reviewing personal qualifications, you must enter into a contractual agreement with your employer to participate.

Retiring From Other Public Retirement Systems

Defined Benefit Program members who are at least age 55 and eligible to retire from certain other California public retirement systems in California may retire with fewer than five years of CalSTRS service credit if they retire from both systems at the same time. For details see Section 6, Your Retirement Benefit.

6. Your Retirement Benefit

As you consider the decision to retire, you will need to address several questions. To help you find answers, we highly recommend you attend the *CalSTRS Retirement Checkup* workshop. Then, before you file your application for retirement, make an appointment with a CalSTRS benefits counselor in your area or with a telephone counselor to discuss your plans and to receive an estimate of your retirement benefit. If you are considering filing for disability retirement, see Section 8, Disability Benefits.

Deciding When to Retire

You can retire as early as age 50 with at least 30 years of service credit, or you can retire at age 55 with at least five years of service credit.

An additional requirement for retirement is:

- At least one year of credited service must have been performed after the most recent refund

OR

- Retirement must be concurrent with retirement under the California Public Employees' Retirement System, University of California Retirement System, San Francisco City and County Employees' Retirement System, Legislators' Retirement System or a system covered by the County Employees' Retirement Law of 1937 (see the glossary for a list of counties).

Early Retirement Limited Term Reduction Program

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this special program. You will receive one-half the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age

60. After that, your retirement benefit amount will be that which you would have received had you retired at age 60.

***Note:** Although annual benefit adjustments will accrue for the Early Retirement Limited Term Reduction Program, increases are not payable under this alternative until the normal service retirement benefit is paid. For more information about the annual benefit adjustment, see Section 7, After You Retire.*

Retirement Incentive Program

School districts can offer the Retirement Incentive Program that would increase the monthly benefit for eligible members. Under this program, Defined Benefit members who are eligible to retire could receive two years of service credit, often called a "golden handshake."

The two years of service credit Retirement Incentive Program became effective January 1, 2004. Employers may decide to offer the program at any point in the future.

Eligibility

You must be eligible for service retirement and retire within the time period specified by your employer to take advantage of the incentive.

Restrictions

The additional service credit given in the incentive program cannot count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements such as one-year final compensation, career factor and longevity bonus. Also, you cannot pay the cost of the benefit in lieu of your employer. In addition, CalSTRS will not grant partial benefits.

Post-Retirement Employment

You will lose the ongoing increase in your benefit provided by the incentive if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstatement).
- File for unemployment within a year of retirement.
- Return to CalSTRS-covered employment with the school district that granted you the benefit within five years.

For More Information

Call 800-228-5453 or go to www.calstrs.com. Our Web site also includes online calculators to help you figure the potential retirement incentive boost to your retirement benefit.

Retiring From More Than One Public Retirement System

Defined Benefit Program members who are at least age 55 and eligible to retire from certain other California public retirement systems in California may retire with fewer than five years of CalSTRS service credit if they retire from both systems at the same time. Additionally, CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same pay period, we are required by law to use the CalSTRS salaries in the retirement benefit calculation.

The other public retirement systems in California are the:

- Legislators' Retirement System.
- Public Employees' Retirement System.
- San Francisco City and County Employees' Retirement System.
- University of California Retirement System.
- Systems established under the County Employees' Retirement Law of 1937 (for a list of counties covered by this law, see the glossary).

How to Calculate Your Defined Benefit Retirement

The formula for calculating an unmodified Defined Benefit retirement includes three elements:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Retirement Benefit (unmodified)}$$

For a step-by-step guide for estimating your Defined Benefit pension, use the Benefit Estimate Worksheet in Section 11.

The calculation of your service retirement benefit is different if you reinstate to active member status after receiving a disability benefit or a disability retirement and later take a service retirement. Please contact CalSTRS for details on retirement after reinstatement to active membership.

Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula. For instance, you can raise the amount of your service credit by working longer and by purchasing additional service credit. See Purchasing Additional Service Credit later in this section. In addition, by working longer and, therefore retiring when you are older, you increase your age factor, up to a maximum of 2.4 percent. For details, also see Benefit Enhancements later in this section.

Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the Defined Benefit Program. You must have earned compensation for working full time during the year to receive one full year of service credit. See your *CalSTRS Annual Statement of Account* for your service credit. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit may also be purchased under certain circumstances. For more information,

order the *Purchase Additional Service Credit* brochure at 800-228-5453 or www.calstrs.com.

A member's service credit is one of the factors used to determine eligibility for benefits payable under the Defined Benefit Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement benefit.

Service credit is used to calculate your service retirement benefit, as well as the surviving spouse or registered domestic partner benefit payable under both Coverage A and Coverage B. For details, see Section 9, Survivor Benefits.

You are notified of your accumulated service credit each year when you receive your *Annual Statement of Account*.

How Service Credit is Calculated

For full-time educators, one year of service credit is earned for teaching one school year. For part-time educators, service credit for one school year is the hours or days actually taught compared to the *full-time equivalent*, or what would be required if employed full time in that position. To see how service credit is calculated for part-time educators, see Section 3. You cannot receive more than one year of service credit for any one school year.

Full-Time Equivalent

For part-time educators, the hours or days you work are compared to a full-time equivalent, or FTE. The FTE is the time a person who is employed part time would be required to work in a school year if he or she were employed full time in that position. For specific information about FTE and how it is used to calculate service credit, see Section 3, Benefits for Part-Time Educators.

Additional Duties

If you perform additional duties during the year, you will receive service credit in addition to the service credit earned for your normal full-time or part-time position. The member and employer contributions for service that exceed one full year will be transferred into your Defined Benefit Supplement account at the close of the fiscal year.

You can now receive service credit for summer school and intersession, and activities such as yearbook editor, science club editor, band director and for attending staff development days.

Multiple Positions

Some members are employed in multiple part-time or substitute positions for more than one CalSTRS employer during the school year and may earn more than one year of service credit in a school year. At the end of the school year, CalSTRS determines if you have service credit in excess of one year. If you do, CalSTRS retains one year of service in your Defined Benefit account — earned at the highest pay rates — and credits the member and employer contributions for service in excess of one year to your Defined Benefit Supplement account.

Compensation for Excess Service

The compensation for the service in excess of one year is not used in the calculation of your earnable compensation for the school year for final compensation purposes. If your employer adjusts the reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement accounts may be adjusted in the following year.

Calculating Sick Leave Credit

Additional service credit for unused sick leave will be granted at retirement. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave days, as certified by your last employer, by the number of base service days, excluding school and legal holidays, required to complete the last school year if employed full time.

If employed on a part-time basis, the base service days are calculated in proportion to the full-time equivalent.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, effective January 1, 2005, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor; the longevity bonus, which is given for 30

or more years of service; and for the 25-year threshold for one-year final compensation.

The formula for determining unused sick leave is:

$$\begin{aligned} & \text{Accumulated days of unused sick leave} \\ & \div \text{Number of base days for full-time service} \\ & = \text{Service credit amount granted} \end{aligned}$$

Purchasing Additional Service Credit

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS Defined Benefit Program member. It's a good idea to compare the cost of additional service credit with the increase it would provide in your lifetime retirement income. For more information, order the *Purchase Additional Service Credit* brochure at 800-228-5453 or www.calstrs.com.

Permissive Service Credit

You may choose to purchase service credit for retirement purposes for specific service performed in the past, if it has not been previously credited. Examples of permissive service include:

- Creditable service prior to becoming a Defined Benefit Program member.
- Employer-approved sabbatical leave.
- Certain active military leave.
- University of California or State University service not covered under another retirement system.
- Employer-approved maternity/paternity leave or family care and medical leave.
- School for the Blind or Deaf.
- Out-of-state teaching covered by a public pension plan (up to 10 years).

You may purchase a portion, rather than all, of any permissive service you have earned. However, you cannot purchase service credit if you have received, or are

eligible to receive, credit for the service in another public retirement system. If you plan to purchase additional service credit just before retirement, you must complete payment for the service credit before the effective date of your retirement.

Estimating the Cost of Permissive Service Credit

The cost for permissive service credit depends on your age and your highest annual earnable salary during the last three years.

To estimate the cost to purchase permissive service credit, go to www.calstrs.com and click *Calculators* or manually calculate your cost:

1. Multiply the number of years you want to purchase by the contribution rate for your age group.
2. Multiply the result by your highest earnable salary during the last three years.

Age Group	Contribution Rate Until	
	6/30/05*	6/30/06*
20 - 29	17.9%	17.1%
30 - 39	18.2%	17.9%
40 - 49	20.4%	20.1%
50 - 59	24.5%	24.3%
60 - 69	27.9%	28.1%
70 and over	23.4%	23.2%

Nonqualified Service Credit

Members with at least five years of CalSTRS service credit may purchase up to five years of nonqualified service credit, also known as "air time." Nonqualified service is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor, longevity bonus or the 25-year threshold for one-year final compensation. However, nonqualified service credit can be used to qualify for the 30-year service credit requirement for retirement between ages 50 and 55. The purchase of nonqualified service credit is calculated differently from the purchase of other service credit. To estimate the cost of nonqualified

*Rates can go up or down each July 1. The new rates are available each spring by calling CalSTRS.

service credit, visit www.calstrs.com and click *Calculators*. The cost to purchase nonqualified service credit will increase the closer the member is to retirement and the higher the earnable salary.

Age Factor

The age factor is the percent of final compensation you are entitled to for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. The age factor is set at 2 percent at age 60. The age factor is decreased if you retire before age 60 and increased to a maximum of 2.4 percent if you retire later than age 60. See the Age Factor Table in Section 11, Worksheets.

Final Compensation

For members retiring with 25 or more years of service credit, CalSTRS uses their highest one-year compensation as the final compensation component in their retirement calculation. Unused sick leave, in excess of 0.2 year of credit; nonqualified service credit; and retirement incentive credit cannot be used to qualify for the necessary 25 years.

For members with fewer than 25 years of service credit, final compensation is based on the highest average earnable compensation during any period of 36 consecutive months* of paid employment covered by CalSTRS.

Use of one-year final compensation is available for eligible classroom teachers with fewer than 25 years of service credit provided it has been included in a written collective bargaining agreement and all costs are paid by the employer, the employee or a combination of the two.

The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Your gross earnable monthly pay rate per pay period is multiplied by the number of months in which you received compensation. If you

plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date. To see how earnable compensation is calculated for part-time educators, see Section 3.

CalSTRS will use your creditable earnings from the last full school year preceding your retirement effective date, or the last three full school years, if applicable, to determine your final compensation unless you specify another full school year on your retirement application.

If you work part time at more than one pay rate, final compensation is equal to the sum of your earnings divided by the sum of your service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. Therefore, you are encouraged to check with a CalSTRS benefits counselor to determine the best option for the final compensation period.

If you retire on or after July 1, 2002, and have earned creditable compensation at multiple pay rates during a school year, you may benefit from the *.900 rule*. With the *.900 rule*, if service credit at the highest pay rate is at least .900 in a school year, then final compensation will be determined as if all service credit for that school year had been earned at the highest pay rate.

Mid-Year Retirement

If you want to retire in the middle of the school year, your final compensation may be lower than expected. This is because, for a mid-year retirement, CalSTRS is required to include the average of your salary from the last school year as part of the 12 months used to calculate your final compensation.

*Nonconsecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.

For example, if you earned \$57,000 last school year and would earn \$60,000 this school year, here is how to determine your final compensation for a January retirement date:

$$\begin{array}{rcl}
 \$57,000 \div 12 & = & \$4,750 \times 6 \text{ months} = \$28,500 \\
 \$60,000 \div 12 & = & \$5,000 \times 6 \text{ months} = \underline{\$30,000} \\
 & & \$58,500 \\
 & \div & 12 \qquad \qquad \$4,875
 \end{array}$$

Your final compensation for your last 12 months would be \$4,875 per month.

The calculation has more of an impact if you have at least 25 years of service, since your final compensation is based on fewer months.

Additional assignments at a lower pay rate may also lower your final compensation if you retire mid-year. This is because your annual compensation is prorated to your retirement date and is an average of the various pay rates you receive during that period.

Benefit Enhancements

You may qualify for one or more of these career enhancements, which will increase your monthly benefit. Please note that you may use up to two-tenths of one year of unused sick leave credit to qualify for these enhancements. However, service credit from the Retirement Incentive Program or the purchase of nonqualified service credit cannot be used to qualify.

Career Factor

A 0.2 percentage point career factor will be added to your age factor if you retire with at least 30 years of earned service credit up to a maximum age factor of 2.4 percent.

One-Year Final Compensation

If you have at least 25 years of service credit, the calculation for your final compensation will be based on your highest average salary for one school year instead of three.

Longevity Bonus

A longevity bonus will be permanently added to your monthly unmodified retirement benefit if you accumulate at least 30 years of credited service by January 1, 2011.

The longevity bonus amount depends on the years of service credit at retirement. For example:

If you earned:	You will receive monthly:
30 years	\$200
31 years	\$300
32 or more years	\$400

The longevity bonus will be:

- Subject to the annual CalSTRS 2 percent simple benefit adjustment but not to the quarterly supplemental purchasing power protection benefit.
- Modified as is the retirement benefit if you select an option.
- Reduced if you cancel a pre-retirement election of an option.

Partial Lump Sum

You may receive part of your retirement benefit as a lump-sum payment, in exchange, your retirement benefit is permanently reduced.

Your lump-sum payment can be up to the lesser of:

- 15 percent of the lifetime value of your retirement benefit or
- The lifetime value of your benefit in excess of an amount equal to 2 percent of your final compensation multiplied by your years of service credit and divided by 12.

The amount will differ from person to person, depending on age, earnings and years of service credit at retirement.

You can have your partial lump sum paid to you or rolled over to another retirement plan. You are not permitted to do both. A rollover must be done through a trustee-to-trustee transfer to a qualified plan such as a 403(b). If you choose a rollover, the minimum partial lump sum must be at least twice the amount of your new monthly retirement benefit after the permanent reduction from the PLS is calculated. Members may not use a partial lump sum to purchase previously refunded service credit.

Tax Implications

If you transfer your partial lump sum to a qualified plan through a direct trustee-to-trustee transfer, you will not owe any taxes until you start taking payments, called distributions, from that plan. Partial lump-sum distributions paid to you, however, are subject to federal and state income tax withholding immediately.

If you choose a distribution payable to you, CalSTRS must withhold 20 percent of the distribution for federal income tax and 6 percent for state income tax. You can request to have no state income taxes withheld on your retirement application.

You must choose a partial lump sum before your retirement effective date, and you can only cancel or change the amount of your PLS before that date. Once you retire, your decision to elect or not elect a partial lump sum or the amount of the lump sum is irrevocable.

For more information, order the *Partial Lump Sum* brochure. Call 800-228-5453 or go to www.calstrs.com and click *Calculators* to estimate the partial lump-sum amount you could receive.

Unmodified Benefit

The unmodified benefit is usually the highest monthly benefit available when you retire; however, it does not provide for a monthly income to your survivor.

The unmodified benefit provides you with a monthly benefit for your lifetime; benefits stop upon your death. Any contributions and interest credited to your account at the time of your death, minus the total amount already paid to you, will be returned to your death benefit recipient or recipients.

To provide a monthly income to a beneficiary or beneficiaries after your death, you must elect an option. For details, see Option Choices later in this section.

Protecting Your Survivor with an Ongoing Benefit

To provide a lifetime monthly benefit to another person when you die, you can select an option. An option is a plan feature that allows you to redistribute your retirement benefit over your life and the life of your option beneficiary. Once you retire, your option election is irrevocable, except under certain limited circumstances. See Section 9, Survivor Benefits.

You can choose an option if you are eligible to retire, but not yet ready to retire. Making a pre-retirement election of an option provides a lifetime monthly benefit to one or more individuals if you die before retirement. For information on the pre-retirement election of an option, see *Protecting Your Loved Ones Before You Retire*, Section 5.

Note: *You cannot designate a trust or an organization as your option beneficiary.*

Option Choices

To provide a lifetime monthly benefit to another person or persons, you can select one of the following options and designate an option beneficiary. For Option 8 you can name two or more option beneficiaries.

Discontinued Option 1

Option 1 provided for return of contributions and interest less the amount already paid. This is now provided with the unmodified benefit.

Option 2

Option 2 provides a modified monthly benefit. When you die, your option beneficiary continues to receive the same monthly benefit you were receiving.

Option 3

Option 3 provides a larger monthly benefit to you than under Option 2. However, when you die, your option beneficiary's benefit will be one-half the amount you were receiving.

Option 4

Option 4 provides a modified lifetime monthly benefit. Once either you or your option beneficiary dies, the survivor's benefit will be reduced; the survivor will receive two-thirds of the initial modified benefit.

Option 5

Option 5 provides a modified monthly benefit. Once you or your option beneficiary dies, the survivor's benefit will be reduced; the survivor will receive one-half of the initial modified benefit.

Option 6

Option 6 provides a modified monthly retirement benefit. Upon your death, your option beneficiary will continue to receive the same modified benefit that you received. If the option beneficiary dies before you, your benefit will rise to the unmodified level.

Option 7

Option 7 provides a modified monthly retirement benefit, with the reduction less than that under Option 6. Upon your death, your option beneficiary will receive one-half the modified benefit. If the option beneficiary dies before you, your benefit will rise to the unmodified level.

Option 8

Option 8 modifies your monthly retirement benefit depending on the ages and options selected for two or more option beneficiaries. You must name more than one option beneficiary and select from Options 2 through 7 for each beneficiary. You may retain a portion of your benefit as unmodified and/or select a different benefit percentage for each beneficiary. Upon your death, your option beneficiaries will each receive a benefit as provided by the formula used to calculate benefits under each option selected. If an option beneficiary predeceases you, your benefit will change as stated under the selected option.

Note: *If you have a court-ordered award to an ex-spouse or former registered domestic partner, you must name that person as a beneficiary. In this case, you may retain a portion of your benefit as unmodified and you are not required to name a second option beneficiary.*

How Choosing an Option Changes Your Benefit

An option provides you with a reduced or “modified” retirement benefit based on a percentage of your unmodified benefit. That percentage, called an option factor, is based on your age and the age of your option beneficiary on the effective date of retirement or time of election of a pre-retirement option plus the option you elect.

For a sample range of option percentages, see the Option Factor Tables in Section 11, Worksheets.

If you choose an option at the time you retire, the option factor is based on your age and the age of your option beneficiary or beneficiaries as of your effective date of retirement.

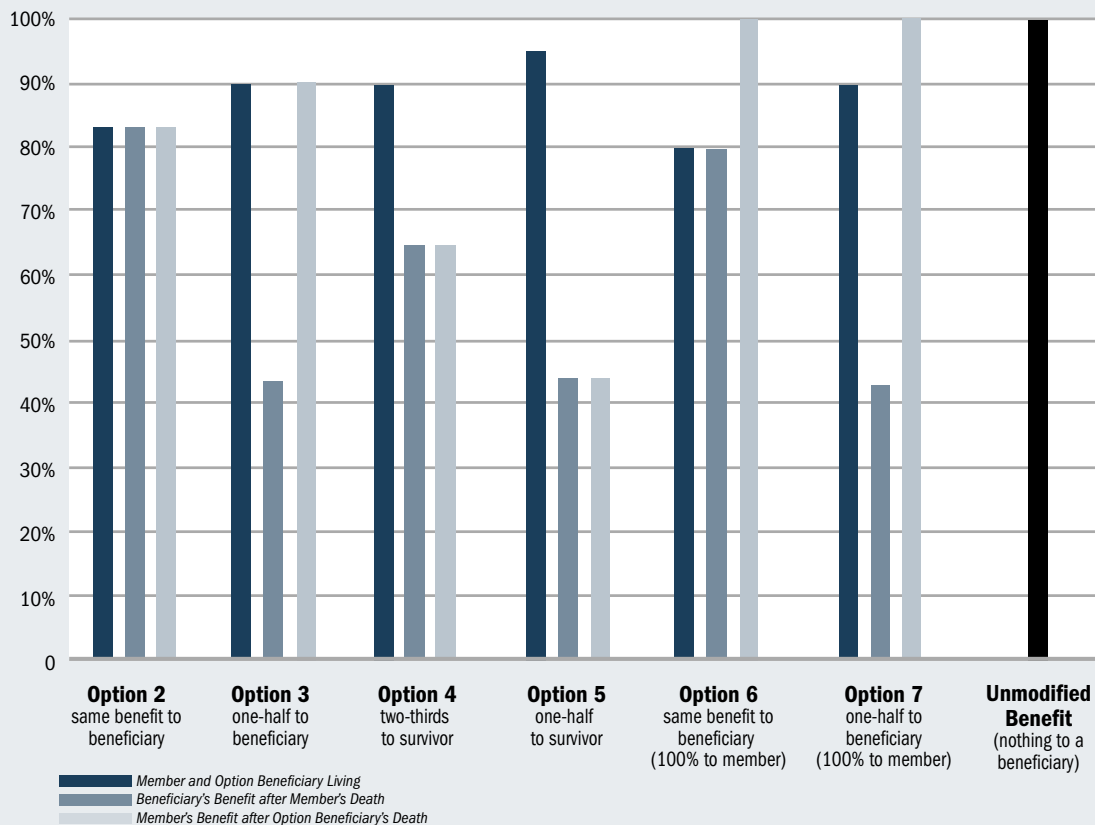
If you choose an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen before retirement or on the date of retirement. For more details on pre-retirement election of an option, see Protecting Your Loved Ones Before You Retire, Section 5.

The option you elect determines the benefit your option beneficiary or beneficiaries receive following your death or the benefit you receive following your option beneficiary's death.

For sample percentages of modified benefits for each option, see Options 2-7 Comparison Example. Also see Option Worksheets in Section 11.

Options 2-7 Comparison Example

The percentages shown here are for a member, age 60, who designates an option beneficiary, age 57



Adding, Changing or Canceling Your Option Selection

Once you retire, your option election can be changed only under the following four circumstances:

Death of Beneficiary: If your original option beneficiary dies after the effective date of your retirement and you had elected an option, you may elect a new option. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. To elect a new option beneficiary, complete the required form and submit a copy of the certified death certificate to CalSTRS. A further reduction to your benefit will be made.

Divorce: You may cancel your option election if the option beneficiary is your spouse or partner, or former spouse or partner, on or after January 1, 1978:

- A final decree of dissolution of marriage or registered domestic partnership has been entered, or filed and endorsed termination

of registered domestic partnership.

- A judgment of nullity has been entered, or
- An order of separate maintenance has been made.

After you notify CalSTRS, you may elect to receive the unmodified retirement benefit from the date of receipt of notification or to elect a new option. You may also designate a new option beneficiary. Your choice must be consistent with your court order and must not result in any additional liability to CalSTRS.

Note: If you cancel your option election as a result of a divorce or termination of domestic partnership and you elect to receive your unmodified benefit, the amount that your unmodified benefit was previously reduced will not be reimbursed to you.

Spouse or Partner: If you had previously designated a person other than your spouse or former spouse or partner as your option beneficiary, you may cancel your option election and elect an option designating your spouse

or partner as your option beneficiary. Your benefit will be subject to an actuarial modification based on your age and the ages of your prior beneficiary and your spouse or partner.

Newly Married or Registered in Domestic Partnership: If you were unmarried or unregistered at retirement and receiving an unmodified benefit, you can choose an option and name your new spouse or partner as an option beneficiary if you later marry or register. You must be married or registered at least one year before selecting the option and naming the option beneficiary. The unmodified benefit you were receiving will be actuarially reduced to reflect your potential life span and the life span of your option beneficiary. The option selection and beneficiary addition will be effective six months after CalSTRS receives the designation.

Benefit Adjustment

When you choose a new option and/or a new option beneficiary or beneficiaries, an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary, you are encouraged to meet with a CalSTRS benefits counselor to obtain an estimate of your benefit based on the new choice.

For detailed option worksheets, see Section 11, Worksheets.

Defined Benefit Supplement Program

In addition to the Defined Benefit Program, your Defined Benefit Supplement account has been accumulating contributions and interest since January 1, 2001. Your most recent *Annual Statement of Account* shows the total in your Defined Benefit Supplement account at the end of the last school year.

If you have less than \$3,500 in your DBS account at the time you retire, you will receive the account balance as a lump-sum payment. Your lump-sum payment may be mailed directly to you or rolled over to a qualified trust plan. If the amount is at least \$3,500 you have more choices about how you would like to receive the funds. These choices depend

on whether you decide to take an unmodified Defined Benefit retirement benefit or elect an option as follows. See estimates of the various options in Section 11, Worksheets.

If You Decide to Take the Unmodified Benefit

If you elect an unmodified Defined Benefit retirement benefit and have at least \$3,500 in your Defined Benefit Supplement account, you have the following DBS payment choices:

Lump-Sum Payment: A one-time payment of the total amount in your DBS account.

Single-Life Annuity with Cash: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient or recipients.

Single-Life Annuity without Cash: A lifetime monthly payment with no cash refund payable upon your death.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient or recipients.

Combination of Lump-Sum Payment and Annuity: If your DBS account balance, less the lump-sum amount you select, is at least \$3,500, you can choose a lump-sum payment and one of the above annuities.

If You Select an Option for Your Defined Benefit Retirement

If you elect an option for your retirement benefit and have at least \$3,500 in your Defined Benefit Supplement account, you have the following payment choices.

Lump-Sum Payment: A one-time payment of the total amount in your DBS account.

100% Joint and Survivor Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity would be paid to your option beneficiary upon your death.

50% Joint and Survivor Annuity:

Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity would be paid to your option beneficiary upon your death.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient or recipients.

Combination of Lump-Sum Payment and Annuity: If your DBS account balance, less the lump-sum amount you select, is at least \$3,500, you can choose a lump-sum payment and one of the above annuities.

Guidelines for the Retirement Application Process

Use the brochure, *Your Retirement Guide*, to help you in each step in your retirement application process. With full explana-

tions and tear-out forms, this brochure will walk you through all necessary tasks from collecting information to completing the application and other optional forms. It is a good idea to order *Your Retirement Guide* early and refer to it for all aspects of your retirement process.

Application Timeline

The following shows a general timeline of events that may occur from up to a year before your retirement until you receive your first retirement benefit payment. Your specific timeline may differ from what you see here, but this will give you a good idea of what to do and when.

If you have not done so, consider taking our *CalSTRS Retirement Checkup* workshop and setting up an appointment for a one-on-one consultation with a benefits counselor. To sign up, call toll free 888-394-2060 or go to www.calstrs.com and click *Contact Us* to send an e-mail.

6

Application Timeline	
What to do	When
Step 1 You plan and research your retirement decisions.	10 to 12 months before your retirement date
Step 2 You complete, sign and submit your forms.	Signed forms must be received by CalSTRS: - No earlier than six months prior to your retirement date. - No later than the last business day of the month in which you retire Also make copies of your completed forms for your records.
Step 3 CalSTRS sends your initial benefit payment.	30 to 45 days after your retirement or the date your application is received (whichever is later). Note: There could be changes in your monthly payment for several months beyond your retirement date as CalSTRS receives and processes additional information from your employer.

Retirement Application Process

☐ **Obtain an Application for Retirement**

About six months before your expected retirement date, call or write to CalSTRS or contact your employer or your county superintendent of schools to obtain the *Your Retirement Guide* brochure, which contains the forms and information you need to apply for a retirement benefit.

☐ **Complete the Application**

Complete the forms, but do not mail them earlier than six months before your retirement date. CalSTRS must receive the application no later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified benefit or an option, this will be your final election unless you notify CalSTRS in writing before the effective date of retirement. Separating, resigning or “retiring” from your employer does not take the place of submitting your retirement application to CalSTRS. Remember to complete resignation forms for your employer.

☐ **Complete and Return the One-Time Death Benefit Recipient Form**

Always keep your CalSTRS one-time death benefit recipient information up to date, including your recipient(s) addresses, even after retirement. This designation applies to the one-time death benefit payable upon your death. This is not related to the selection of an option beneficiary.

☐ **Complete Health Insurance Premium Deduction Authorization**

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

☐ **Verify Dates of Birth and Marriage and Registration as Domestic Partner**

If you elect an option, you must submit documentation verifying the date of birth of your option beneficiary or beneficiaries unless an option beneficiary is a CalSTRS member. Under some circumstances, CalSTRS will

request verification of your birth date.

Acceptable documentation for birth date verification is listed in order of preference:

- Copy of certified birth record — recorded at least seven years before application for CalSTRS benefits.
- Copy of certified church baptismal record recorded within six years of birth.
- Copy of transcript of listing in federal census recorded within ten years of birth.

If the name has been changed from the name shown on the record of birth, CalSTRS requires a copy of the certified marriage certificate or court order documenting the change.

If you have the necessary birth and marriage certificates required for election of an option, enclose copies with your application. However, do not postpone filing an application while you obtain the required documents.

If You Cannot Locate Acceptable Documentation

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you secure other acceptable documentation.

☐ **Mail Application**

Mail all completed service retirement application forms to CalSTRS. We recommend that you send the forms by certified mail and retain a copy for your records.

Important: Do not submit your application to your employer. Your employer is not responsible for the timely submission of your retirement application to CalSTRS. However, do notify your employer of your intention to retire. CalSTRS does not notify your employer.

What to Expect from CalSTRS

Acknowledgment Letter

If you send your application by certified mail, the post office will send you a certified receipt acknowledging delivery. Within two to three weeks, CalSTRS will mail you a letter acknowledging receipt of your application.

Estimated Retirement Benefit Letter

CalSTRS will send a letter detailing your monthly estimated benefit before issuing your first benefit payment.

Sending Your Retirement Benefit

CalSTRS will issue your first monthly benefit within 30 to 45 days after the effective date of retirement or the date your application is received — whichever is later. You will receive your Defined Benefit Supplement as a separate payment, whether or not you request it as a lump sum or as a monthly annuity.

Adjustment Letters

Your employer may send CalSTRS information after your retirement date, possibly relating to unused sick leave, retirement incentive or salary that can affect service credit or final compensation and cause fluctuations in your monthly benefit. When these changes occur, CalSTRS will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for CalSTRS to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed. CalSTRS will pay you any retroactive amount due shortly after we mail an adjustment letter.

The adjustment letter, or letters, will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist in determining your income tax liability.

Signing Up for Direct Deposit

For the quickest possible access to your monthly retirement payment, you can sign up for CalSTRS direct deposit service. Direct deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If your check is sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.
- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With direct deposit, your money will be credited electronically to your bank account on the day your check is issued.

Notice of the deposit will be sent to your mailing address on the first of each month. You may also view your deposit notice, called a benefit payment stub, online by registering at *myCalSTRS* on the CalSTRS Web site. If you prefer to not receive a mailed benefit payment stub, you can indicate that at *myCalSTRS*, under *Preferences*.

Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

To enroll in direct deposit, use the form included in the *Your Retirement Guide* brochure. You can also order the *Direct Deposit Authorization* form at 800-228-5453 or from our Web site at www.calstrs.com.

7. After You Retire

Annual Benefit Adjustment

Each year, you will receive an increase equal to 2 percent of your initial benefit, beginning on September 1 after the first anniversary of your retirement. The adjustment will appear in your October 1 payment. These adjustments are not compounded.

Purchasing Power Protection

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual benefit adjustment, two types of post-retirement benefit enhancements support the purchasing power of retired CalSTRS members:

- The Legislature occasionally grants ad hoc, or one-time, permanent increases to your monthly benefit.
- One-year supplemental benefit payments, payable in quarterly installments. These payments are made to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at 80 percent.

Medicare Premium Payment Program

For Defined Benefit members who retire before July 1, 2006, CalSTRS will pay Medicare Part A, hospital premiums for eligible retired members who do not receive Medicare Part A premium free. This benefit may be extended by the Teachers' Retirement Board to members who retire in the future. For details on the Medicare Premium Payment program, see Section 5.

Post-Retirement Employment

You may accept employment outside the California public school system in any capacity and continue to receive your CalSTRS retirement benefit with no limitation on your earnings.

Your only restriction on employment after service retirement is within the public school system of California. The law prohibits a retired member from working in a classified position, with the exception of a teacher's aide in certain circumstances. If you receive the retirement incentive and you return to work with the same employer who granted the retirement incentive within five years, you will forfeit the retirement incentive.

Earnings Limits

If you perform creditable service teaching in kindergarten through community college as an employee of a public school district, an independent contractor or an employee of a third party, there is a restriction on the amount you can earn without affecting your CalSTRS retirement benefit. For exceptions, see the following topic, Exemptions from the Earnings Limit.

The earnings limit on post-retirement earnings from public school employment for the 2004-05 school year is \$27,720. This limit is adjusted each July 1 and CalSTRS notifies employers and retired members of each year's post-retirement earnings limit.

Earnings from teaching summer school and intersession count toward the post-retirement earnings limit. Post-retirement employment for creditable service may not begin earlier than your effective date of retirement. Your CalSTRS retirement benefit will be reduced by the amount of creditable earnings from public school employment in excess of the earnings limit.

For more information on the earnings limit, call our Teletalk automated recording system at 800-228-5453 and enter 372 or visit our Web site at www.calstrs.com.

Exemptions from the Earnings Limit

Provided your employer submits the required documentation, the following post-retirement earnings are exempt from the earnings limit:

- If you return to post-retirement CalSTRS-covered employment without performing CalSTRS-covered employment for at least 12 consecutive months after retirement, you are automatically exempt from the earnings limit (this exemption ends on January 1, 2008, and does not require employer documentation).
- If you retired on or before January 1, 2004, and are providing direct remedial education in a classroom for grades 2 through 12.
- If you retired on or before January 1, 2004, and return to:
 - Provide direct instruction in a K-12 classroom.
 - Support or assess new teachers in Beginning Teaching Support and Assessment Program.
 - Provide support to individuals completing student teaching assignments, in Pre-Internship Teaching Program, alternate certification programs or in School Paraprofessional Teacher Training Program.
 - Provide direct instruction in Special Education and English language learner programs.
- If you return to work as a trustee or administrator for a financially insolvent employer.
- If you return to work in an emergency situation in an administrative position requiring highly specialized skills (this exemption is for one-half of the full-time salary).

Returning to the Classroom

If you took a break from CalSTRS-covered employment, but plan to resume teaching, you may have to take the California Basic Educational Skills Test before returning to the classroom if:

- You hold a life or clear credential that was issued before 1983; and
- You have not been employed in a position requiring certification in any school district for 39 months or more.

For more information on the time constraints, possible exceptions and teacher credentialing, contact your employer.

Reinstatement to Active Member Status

Occasionally, a CalSTRS member retired for service decides to reinstate to active member status. You may reinstate as an active member by submitting the form *Reinstatement After Retirement*, available online or by calling CalSTRS. Once your request is received at CalSTRS, your retirement and your monthly benefits end.

Before reinstatement to active member status, CalSTRS strongly recommends you make an appointment with a CalSTRS benefits counselor to discuss your decision and review how your action will affect your future benefits. Call 800-228-5453 to make an appointment with a counselor trained to provide you benefit information if you are considering reinstatement to active membership.

You may also request an estimate of your future benefits by writing to CalSTRS. In your letter include your client ID number (given on each letter from us) or your Social Security number, address, telephone number and full name. In addition, state your estimated salary, how long you plan to be an active member again and if you will select an option when you retire or have selected a pre-retirement option.

One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

Retirement Incentive Program

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Retirement Incentive Program.

Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired under an option, that option will automatically become a pre-retirement election when you reinstate.

Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

Discontinuing Deduction for Health Insurance Premiums

If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.

Discontinuing Payment or Deduction of Medicare Premiums

If CalSTRS is paying your Medicare Part A or deducting your Medicare Part B premiums under the Medicare Premium Payment Program, you will have to pay these premiums yourself when you are reinstated. To arrange

payment, contact the Social Security Administration at 800-772-1213. When you retire again, you may reapply for the Medicare Premium Payment Program.

Benefit Calculation if Reinstating

Reinstate for less than two years: When you retire a second time with less than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the last unmodified benefit received immediately before reinstatement, increased by the 2 percent annual benefit adjustment (formerly COLA) that would have been applied to the benefit if you had not reinstated.
- PLUS
- An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation. If your total credited service is 30 or more years, you may be eligible for the career factor on the credited service earned following reinstatement.

Reinstate for two years or more: When you retire a second time with two or more years of new service credit, all credited service earned during your entire career will be subject to the benefits in effect at the time of the subsequent retirement. The retirement benefit calculation will be adjusted to account for the period of retirement.

Keeping You Informed

The semi-annual *Retired Educator* newsletter keeps you informed on issues you may face after retirement. Also remember you can always contact us with your questions on retirement benefits and reinstatement.

8. Disability Benefits

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs. These are Disability Allowance under Coverage A or Disability Retirement under Coverage B. See the topic, Coverage A or Coverage B, later in this section for details on learning which coverage you have.

You may receive disability benefits if you meet eligibility requirements, including conditions for application and medical documentation requirements, and you have a medically determinable physical or mental impairment that prevents you from performing your usual job or comparable duties. The impairment must be permanent or expected to last at least 12 continuous months. Comparable duties are those for which you are qualified or can become qualified within a reasonable period of time with education, training or experience.

Before Filing a Disability Application

As soon as you start to consider applying for a disability allowance, Coverage A, or disability retirement, Coverage B, it's a good idea to learn about the choices available to you. For instance, if you return to active membership and later take a service retirement, your benefit will be calculated differently than if you had not received disability benefits.

A CalSTRS benefits counselor can provide details to help you make an informed decision. When scheduling an interview, inform the schedule coordinator that you wish to discuss a disability application.

If you are 55 or older and have 25 years or more of service credit, before completing a disability application it is especially important that you consult with a CalSTRS benefits counselor to compare disability and service retirement benefits.

For a list of benefits counseling locations and telephone numbers, see Section 4, Building Your Financial Future.

Reasonable Accommodation

Sometimes adjustments in the work environment can enable a member to continue working. Federal and state laws require employers to make reasonable adjustments for employees. Making such adjustments is known as *reasonable accommodation*. CalSTRS may also require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

Examples of reasonable accommodation include employing a teacher's aide, changing your grade level or subject assignment, improving your classroom or parking assignment, relieving you from yard duty and assigning you to other positions for which you may be qualified.

If you have questions about reasonable accommodation, contact your school district or call CalSTRS at 800-228-5453 and enter 401.

Steps in the Disability Application Process

It is advisable to see a CalSTRS benefits counselor before beginning the disability application process. However, if you cannot see a counselor right away, do not delay submitting your application. You can see a counselor anytime during the process and withdraw your application later, if necessary.

- Request a disability application packet from CalSTRS.
- Send the completed application and any pertinent documents to CalSTRS via certified mail, return receipt requested. Remember: the date that the application is received at CalSTRS establishes the benefit effective date.

- CalSTRS receives and acknowledges receipt of your disability application and other documents you submit.
- CalSTRS reviews your application and eligibility status and mails requests for medical and other required documents to you.
- CalSTRS waits for receipt of information and sends follow-up requests for missing documents.
- CalSTRS will notify you if an Independent Medical Examination or Independent Vocational Evaluation must be scheduled.
- CalSTRS reviews all data on file and determines approval or disapproval.
- CalSTRS sends notification of decision to you.
- You have applied within four months of your last day of actual performance of service if you are on a personal leave of absence.
- You have applied within twelve months of your last day of actual performance of service if you are on an employer-approved leave to study at an approved college or university.

For more information, visit our Web site at www.calstrs.com, contact a CalSTRS benefits counselor or call us at 800-228-5453. We also encourage conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member to contact us to inquire if the member qualifies for disability benefits.

Filing a Disability Benefit Application

How to File

To request a disability application packet, call us at 800-228-5453, write to CalSTRS or request a packet via our Web site at www.calstrs.com. You should send all completed disability application documents to CalSTRS by certified mail and request a return receipt.

When to File

You can file a disability application while you are working or receiving sick leave or differential pay benefits from your employer. The effective date of disability benefits cannot be earlier than the first day of the month in which CalSTRS receives the application, but must be later than the last day of service for which you are paid.

CalSTRS encourages you not to wait until all benefits are exhausted before filing for disability benefits.

You can also file an application while you are not working if you meet one of the following conditions:

- You have been physically or mentally incapacitated from performance of service and the incapacity has been continuous from your last day of actual performance of service.
- You have applied within four months of termination of your CalSTRS-covered employment.

Timeframe for Processing a Claim

The length of processing time varies from one to six months depending on individual cases. Medical information, including additional professional opinions, may be required to make a final determination. You can help CalSTRS by filing a complete application, including relevant physician and hospital reports and promptly providing any other required documentation.

Do not hold off filing your application because you do not have your medical documents.

Information to Provide

If you believe you are eligible to file for disability benefits, you will need to provide information including medical records and hospital reports. You are responsible for any fees charged for providing information to CalSTRS.

If additional medical information is necessary, an Independent Medical Examination may be scheduled. CalSTRS will notify you if this is necessary, and CalSTRS will pay for the examination and any reasonable related costs.

Independent Vocational Evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a *comparable level*. Duties of a comparable level are defined as any job that a member may be qualified to perform that will provide earnings of 66²/₃ percent or more of the member's indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if reasonable accommodation would allow you to continue working.

Notification

You will receive written notification after CalSTRS reaches a decision on your disability application.

Approval

If your disability application is approved and you are still performing creditable service, you must cease on-the-job employment before CalSTRS can begin paying your benefits. Notification of your approval will also be sent to your employer.

You should receive your first disability payment within 45 days after CalSTRS receives all necessary information. The payment will include any retroactive disability payment amounts due.

After receipt of this first payment, you will receive a regular disability payment on or about the first day of each month.

Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a Prescribed Treatment Program developed by your attending physician.

Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period; however, CalSTRS can renew them if your condition does not improve.

Vocational Rehabilitation Program

The CalSTRS Rehabilitation Program may provide services to members receiving a disability benefit.

If CalSTRS determines that you are a potential candidate for the Rehabilitation Program, an independent vocational evaluation will be conducted to assess your current capabilities and limitations. The consultant will also discuss your career interests and help you develop a rehabilitation plan with the goal of helping you return to comparable level employment.

You are required to make a good faith effort in developing a rehabilitation plan. Upon development and approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to comparable level employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your benefit will not be terminated.

Disapproval

Right to Appeal

If your disability application is not approved, you will receive a letter explaining the reasons and your right to appeal.

If you have reached age 55 or older at the time disability benefits are denied, information about service retirement will also be sent to you. You may apply for and receive a service retirement benefit while you appeal the disability decision. The following identifies who will hear the appeal.

- **Office of Administrative Hearings**

Appeals are processed through the Office of Administrative Hearings, a governmental agency independent of CalSTRS. You may represent yourself or hire an attorney to represent you at the hearing. An administrative law judge hears all evidence related to the case and issues a proposed decision to the Teachers' Retirement Board.

- **Teachers' Retirement Board**

The board can adopt or reject the decision of the administrative law judge. If you are dissatisfied with the decision of the Teachers' Retirement Board, you can appeal its decision to a Superior Court.

Coverage A or Coverage B

You are protected for disability under either Coverage A, Disability Allowance or Coverage B, Disability Retirement.

If you became a CalSTRS member after October 15, 1992, you are protected under Coverage B. If you were a CalSTRS member prior to 1992, you remain in Coverage A unless you elected Coverage B during the election period.

To make sure which disability coverage you have, check your *Annual Statement of Account* or call us at 800-228-5453.

Coverage A – Disability Allowance Program

The information in this section is for individuals who became members of CalSTRS after October 15, 1992, and did not elect Coverage B. If you elected Coverage B, see Coverage B – Disability Retirement Program later in this section.

If you receive Disability Allowance Coverage A, the disability benefit will continue to be paid as long as you remain disabled or until you reach age 60.

At age 60, the disability allowance will terminate and you will be eligible to apply for service retirement. A disability allowance may continue beyond age 60 only if you have eligible children and remain disabled. For a definition of eligible children, see the glossary.

Eligibility Requirements

To apply for a disability allowance you must meet the following requirements:

- **Age**
You must be under age 60.
- **Service credit**
You must have five or more years of credited service. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after the date of your most recent reinstatement to membership:
 - 1) After receiving a disability benefit.
 - 2) Following a service retirement or

- 3) Following the most recent refund of your accumulated contributions, if applicable.

AND

Your last five years of credited service must have been performed in California.

You may be eligible for a disability allowance with one year of credited California service if you are disabled due to an unlawful act of bodily harm committed by another person upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact CalSTRS or a benefits counselor for more information.

Calculating Coverage A – Disability Allowance

If you are approved to receive a disability allowance, it will be 50 percent of final compensation for most applicants.

Final compensation for a full-time employee with less than 25 years of credited service is generally the highest average monthly compensation earnable during any period of three consecutive years (36 consecutive months). For a member with 25 or more years of credited service, final compensation is the highest 12 consecutive months.

For periods of part-time employment such as hourly, substitute and daily salaries, final compensation may be computed using actual salary earned during that period. For more information, contact CalSTRS or visit our Web site.

If you are approved to receive a disability allowance, you will receive the balance of your Defined Benefit Supplement as discussed in Section 6, Your Retirement Benefit. If you have an account balance of at least \$3,500 you can, on retiring, choose one of the following five annuities which are detailed in Section 6:

- Single-life annuity with cash refund.
- Single-life annuity without cash refund.
- 100 percent joint and survivor annuity.
- 50 percent joint and survivor annuity.
- Period-certain annuity.

Alternative Formula – Coverage A

If you have less than 10 years of service credit and become disabled between the ages of 45 and 60, an alternative disability allowance formula applies. In this case, the formula is 5 percent of final compensation for each year of credited service.

Less Than 10 Years

Alternative Formula - Coverage A

If you qualify for a disability allowance at age 50 with five years of service credit, you would receive a benefit of 25 percent of final compensation. If your final compensation is \$3,600 a month, your benefit would be calculated as follows:

$$5\% \times 5 \text{ years of service credit} = 25\%$$

$$25\% \times \$3,600 = \text{\$900 disability allowance}$$

Other Benefits that Affect Your CalSTRS Disability Allowance

Your monthly CalSTRS disability allowance, including the amount received for a dependent child, will be reduced by the full amount paid or payable from other public systems including:

- Workers' compensation.
- Social Security disability.
- Federal military disability.
- Income protection plans — if premiums were paid by the school employer, not by the member — and any other disability program financed with public funds.

Benefits Increase for Dependent Children

If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children, or 40 percent. The maximum benefit payable to a member is 90 percent of final compensation.

A child is eligible if, on the effective date of the disability allowance, he or she is:

- The unmarried or unregistered natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse or registered domestic partner,

- Born within the 10-month period commencing on the effective date of the member's disability allowance,
- Under age 22, and
- Financially dependent upon the member.

When a child no longer meets the eligibility requirements, the monthly benefit will be reduced by that child's portion.

Coverage A – Disability Allowance Examples

Final compensation must be determined before the monthly disability allowance can be calculated. Service credit is not a factor in the determination of the disability allowance, except when determining the monthly benefit under Coverage A when a member has less than 10 years of service credit and is between the ages of 45 and 60.

Disability Allowance

More than 10 years with children

Charles is granted disability benefits with a benefit effective date of July 1. He has 14 years of service credit. Charles has one child eligible for benefits and he receives \$300 a month from workers' compensation.

8

Disability Allowance More Than 10 Years

Step A: Final Compensation

Highest 36 consecutive months earnable salary

7/1/03 to 6/30/04 (12 mo) \$42,430

7/1/02 to 6/30/03 (12 mo) \$39,850

7/1/01 to 6/30/02 (12 mo) \$37,700

Final Compensation \$119,980 (36 mo. total) ÷ 36 months = \$ 3,332.78

Step B: 50% Formula

1. Final compensation x 50%	
\$3,332.78 x 50%	\$1,666.39
2. Eligible children (1 child @ 10%)	
10% x \$3,332.78	+ \$333.28
3. Monthly allowance before offset for other public benefit	
\$1,666.39 + 333.28	= \$1,999.67
4. Less benefit payable from another public system (Workers' Compensation)	- \$300.00
5. Adjusted Monthly Allowance	= \$1,699.67

Alternative Formula

Less than 10 years with children

Sharon is granted disability benefits with a benefit effective date of January 1. She has service credit of 8.072 years and is between age 45 and 60. She has two eligible children and receives \$300 a month from workers' compensation.

Disability Allowance Less Than 10 Years

Step A: Final Compensation

Highest 36 consecutive months earnable salary

7/1/04 to 12/31/04 (6 mo)	\$20,950
7/1/03 to 6/30/04 (12 mo)	\$39,256
7/1/02 to 6/30/03 (12 mo)	\$36,624
7/1/01 to 6/30/02 (6 mo)	\$17,265

Final Compensation \$114,095 (36 mo. total) ÷ 36 Months = \$ 3,169.31

Step B: 50% Formula

Number of years of service credit 8.072

1. Service Credit x 5% x Final Compensation 8.072 x 5% x \$3,169.31	\$1,279.13
2. Eligible children 2 x 10% x \$3,169.31	+ \$633.86
3. Monthly allowance before offset for other public benefit \$1,279.13 + \$633.86	= \$1,912.99
4. Less benefit payable from other public system (Workers' Compensation)	- \$300.00
5. Adjusted Monthly Allowance	= \$1,612.99

Earnings Limits

You are allowed to earn money once you are approved and begin receiving a disability allowance. CalSTRS recognizes it can be helpful for you to begin with part-time or limited employment as you return to teaching or other employment.

The law establishes two separate earnings limits for members receiving a disability allowance: a single-month earnings limit and a six-month earnings limit. Both limits apply to all earned income. The earnings limits are initially based on your final compensation. Each year an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

Single-Month Earnings Limit

The sum of your base disability allowance, that is, your monthly benefit before offset for other public benefits, plus your earnings from all employment, is compared to your indexed final compensation. A comparison is made to determine if your earnings have exceeded the single-month earnings limit.

If the earnings exceed the limit, the excess amount is considered an overpayment and CalSTRS must collect it back dollar for dollar.

Single-Month Limit

Margaret has a base disability allowance of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus the base disability allowance exceed 100 percent of indexed final compensation (\$3,100).

\$1,500	(base disability allowance)
+ 2,075	(monthly employment earnings)
= 3,575	(total monthly income)
- 3,100	(indexed final compensation)
= \$475	(overpayment, which will be recovered by CalSTRS)

Six-Month Earnings Limit

CalSTRS makes a separate calculation that compares your earnings to $66\frac{2}{3}$ percent of your indexed final compensation.

If you are able to earn $66\frac{2}{3}$ percent of the indexed final compensation from employment earnings over a continuous six-month period, you are no longer considered disabled. Your disability allowance will be terminated and any benefit payments made after this period will be recovered by CalSTRS.

Six-Month Limit

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$3,100.00	(indexed final compensation)
x .66667	($66\frac{2}{3}\%$)
x 6	(months)
= \$12,400.06	(6 mo. earnings limit)
<hr/>	
\$2,075.00	(monthly employment earnings)
x 6	(months)
= \$12,450.00	(6 mo. employment earnings)
- \$12,400.06	(6 mo. earnings limit)
= \$49.94	(earnings in excess of 6 mo. earnings, which will be recovered by CalSTRS)

Annual Report of Earnings

You are required to provide an annual report of your gross earnings to CalSTRS. The Employment Development Department and your employer provide verification of the earnings you report to CalSTRS.

Periodic Review of Status

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment, if any.

- An annual inquiry regarding other disability benefits.
- You should notify CalSTRS if you:
- Return to employment or become self-employed.
 - Change your address.
 - Receive a change in benefits from another public agency or the benefits end.
 - Have a child who marries or is no longer financially dependent.

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.

Pre-Retirement Election of an Option

You are not required to cancel a pre-retirement election of an option to be eligible for a disability allowance. In addition, after reaching age 55, you may make a pre-retirement election of an option while receiving a disability allowance. A family allowance will not be payable if there is a pre-retirement election of an option in effect. For an explanation of family allowance see Section 9, Survivor Benefits.

This election is available if you want to ensure a monthly lifetime income to another person should you die prior to retirement. For more information about pre-retirement election of an option see the topic, Protecting Your Survivor with an Ongoing Benefit, in Section 6.

Transitioning to Service Retirement

When You Reach Age 60

Approximately six months before your 60th birthday, CalSTRS will notify you of the pending termination of the disability allowance and your eligibility to apply for service retirement. The notification will include an estimate of the unmodified service retirement benefit you are eligible to receive and a service retirement application brochure.

Before calculating your service retirement benefit, CalSTRS will project your service credit through the duration of your

disability. The final compensation used for the disability allowance will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability allowance you had been receiving prior to your 60th birthday, whichever is less.

You may also elect to modify the service retirement benefit by choosing one of the available options. If you had a pre-retirement election of an option before receiving your disability allowance, you can change your election if you convert to service retirement. However, if you do change, your retirement benefit will be reduced for life.

For more information, call the CalSTRS automated telephone system at 800-228-5453 and select Teletalk message 426 or go to www.calstrs.com.

Coverage B – Disability Retirement Program

This section is for members who joined CalSTRS after October 15, 1992, and for individuals who elected Disability Retirement Coverage B during the election held between October 1992 and April 1993. A member receiving a disability retirement benefit does not receive service credit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If it is determined that you are no longer disabled, or you return to full-time employment, your disability retirement will be terminated and you will be reinstated to active membership.

Return to Active Membership

If you return to active service as a CalSTRS Defined Benefit member, when you retire your retirement benefit calculation will be affected by the time you received a disability allowance or disability retirement benefit.

Workers' Compensation

If a member receives both a CalSTRS disability retirement benefit and a disability benefit under a workers' compensation program for the same disability, the CalSTRS benefit will be reduced by an amount equal to the workers' compensation benefit.

Eligibility Requirements

To apply for a disability retirement benefit, you must meet the following requirements:

- **Age**

There are no restrictions.

- **Service credit**

You must have five or more years of credited service. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after the date of your most recent reinstatement to membership:

- 1) After receiving a disability benefit.
- 2) Following a service retirement or
- 3) Following the most recent refund of your accumulated contributions.

AND

Your last five years of credited service must have been performed in California.

You may be eligible for a disability retirement benefit — with one year of credited California service — if you are disabled due to another person committing an unlawful act of bodily harm upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact CalSTRS or a benefits counselor for more information.

Option Beneficiary

An option is a plan feature that allows you to choose to redistribute your disability retirement benefit over both your lifetime and the lifetime of another person or persons. An option provides a modified retirement benefit based on a percentage of the unmodified benefit level. At the time you begin receiving a disability retirement benefit, you may elect an option if you wish to have another person

or persons receive a monthly income after your death. The amount of your modified benefit will depend upon your age and the age of your option beneficiary or beneficiaries on your disability retirement effective date. For option descriptions, see Section 6, Your Retirement Benefit.

Option tables for disability are not included in this handbook. We recommend that you contact a benefits counselor for an estimate of your benefit and the benefit of your beneficiary or beneficiaries under each of the options.

Calculating Coverage B – Disability Retirement

If you are approved to receive a disability retirement benefit, it will be 50 percent of your final compensation. This is also referred to as the *unmodified* benefit. An unmodified benefit is usually the highest monthly benefit available to a retired member. Upon death, the unmodified benefit will stop; it does not provide for a monthly income to a survivor after your death.

Final compensation for a full-time employee with 25 years of service credit is a member's highest average monthly earnable compensation during any period of one year (12 consecutive months) of credited service. For those with less than 25 years of service credit, final compensation is a member's highest average monthly earnable compensation during any period of three consecutive years (36 consecutive months). One-year final compensation is available under certain circumstances. For information on nonconsecutive final compensation and one-year final compensation, see Final Compensation in Section 6.

For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Call us for details at 800-228-5453.

Defined Benefit Supplement Distribution

If you are approved to receive a disability retirement benefit, you will receive the balance of your Defined Benefit Supplement as discussed in Section 6, Your Retirement Benefit. If you have an account balance of at least \$3,500 you can, on retiring, choose one of the following five annuities which are detailed in Section 6:

- Single-life annuity with cash refund.
- Single-life annuity without cash refund.
- 100 percent joint and survivor annuity.
- 50 percent joint and survivor annuity.
- Period-certain annuity.

How Other Benefits Affect the CalSTRS Disability Retirement Benefit

Your monthly CalSTRS disability retirement benefit will be reduced by the full amount paid or payable from workers' compensation.

Increased Benefit for Dependent Children

If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children or 40 percent. The maximum benefit payable to a member is 90 percent of final compensation.

To qualify, your child must be financially dependent upon you on the effective date of your disability retirement benefit and must be under age 21. When your child no longer meets the eligibility requirements, the monthly benefit will be reduced by that child's portion. Children's CalSTRS benefits will not be affected by receipt of other benefits.

Calculation Example

Final compensation must be determined before your monthly benefit can be calculated. Service credit is not a factor in the determination of the disability retirement benefit.

Your unmodified benefit will be adjusted depending on the disability retirement option you have selected.

Disability Retirement Calculation

Jack is granted benefits with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive an unmodified benefit. He is not eligible for workers' compensation.

Step A: Final Compensation

36 consecutive months earnable salary

7/1/04–8/31/04 (2 mo.) \$ 5,727.30

7/1/03–6/30/04 (12 mo.) \$33,099.00

7/1/02–6/30/03 (12 mo.) \$30,375.60

9/1/01–6/30/02 (10 mo.) \$24,908.30

Final Compensation \$94,110.20 (36 mo. total) ÷ 36 months = \$2,614.17

Step B: Calculate Disability Retirement Benefit

1. Final Compensation x 50%	
= Unmodified Benefit (\$2,614.17 x 50%)	= \$1,307.09
2. Benefit payable from workers' compensation	- \$0.00
3. Number of eligible children (3 x 10% x \$2,614.17)	+ \$784.25
4. Adjusted Monthly Benefit	= \$2,091.34

Earnings Limit

You are allowed to earn money once you are approved and begin receiving a disability retirement benefit. CalSTRS recognizes that it can be helpful to begin with limited employment as you return to teaching or other employment. However, your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

How Much You Can Earn and Still Receive a Disability Retirement Benefit

Your CalSTRS disability retirement benefit will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer(s) verify the reported earnings.

The 2005 calendar year earnings limit is \$22,650. The limit is determined early each calendar year. Call CalSTRS after March 1 to learn the limit for 2006.

Periodic Review of Status

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis. This review will include:

- Medical reports from your doctor.
 - Your annual earnings from all employment, if any.
 - An annual inquiry about other disability benefits.
- You should notify CalSTRS if you:
- Return to employment or become self-employed.
 - Change your address.
 - Receive a change in benefits you receive from workers' compensation.

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur. Failure to respond to requests for information could result in the termination of benefits.

9. Survivor Benefits

The Defined Benefit Program provides benefits to survivors, when your death occurs either before or after your retirement. These benefits provide a basic level of security for your survivors, depending on if you have Coverage A, Family Allowance or Coverage B, Survivor Benefit.

Coverage A or Coverage B – Family or Survivor Benefits

If you became a CalSTRS member after October 15, 1992, your survivors are protected under Coverage B, Survivor Benefit. If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B. Check your *Annual Statement of Account* for which coverage you have or call us at 800-228-5453.

One-Time Death Benefit

A one-time death benefit is payable to the one-time death benefit recipient, or recipients, under both Coverage A and B if eligibility requirements are met. The amount of this benefit depends on your coverage and whether death occurs before or after your retirement. If you do not name a recipient, your estate will receive the one-time death benefit. For more information on one-time death benefit recipients, see Section 5, *Approaching Retirement*.

Monthly Benefits

Monthly benefits may be paid to your eligible survivors if you die before retirement or if you were receiving a disability benefit at the time of death. These monthly benefits are not made to option beneficiaries if you had elected a pre-retirement option. For more information on pre-retirement option election, see *Protecting Your Loved Ones Before You Retire* in Section 5.

Less Than One Year of Service Credit

If you have less than one year of service credit, the benefit payable to your death benefit recipient, or recipients, is a refund of accumulated Defined Benefit and Defined Benefit Supplement contributions and interest.

Reporting the Death of a Member or Benefit Recipient

CalSTRS should be notified as soon as possible of the death of a member, option beneficiary or CalSTRS benefit recipient. You can either write CalSTRS at

P. O. Box 15275
Sacramento CA 95851-0275

OR

Call Member Services at 800-228-5453

CalSTRS will need the following information:

- Deceased person's name and Social Security number.
- Date of death.
- Individual's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary or other benefit recipient.
- Name, address and telephone number of contact person.

Survivor Benefit Applications

Applications for survivor benefits are now taken over the telephone in most cases. A caseworker will contact the recipients to complete the application over the telephone. The name and telephone number of the caseworker will be provided to the recipients by written notification.

A copy of the death certificate must be sent to CalSTRS. Additional information or documentation may be requested. CalSTRS payments issued to the deceased after the date of death must be returned to CalSTRS.

Payment of Benefits

CalSTRS generally pays benefits to recipients within 45 days of receiving the last required document. Payment may be delayed if CalSTRS does not receive documentation, such as marriage or death certificate, in a timely manner or if we do not have a *One-Time Death Benefit Recipient Designation* form on file that identifies the name and address of the current recipient or recipients.

Coverage A – If You Die Before Retirement

Under Coverage A, benefits are payable to your survivors if you became a member of CalSTRS before October 16, 1992, and did not elect Coverage B in the election held between October 1992 and April 1993.

One-Time Death Benefit

Under Coverage A, if you die before retirement, CalSTRS pays a \$6,163 one-time death benefit to your named recipient or recipients. (This amount is adjusted periodically by the Teachers' Retirement Board.) If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

For CalSTRS to pay this benefit, you must have had one year or more of credited service and your death must have occurred during one of the following periods:

- While in employment for which compensation is paid or while receiving a disability benefit.
- Within four months after you terminated employment or had last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.

- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, death must have occurred within four months after ending employment or earning service credit.

In addition to these qualifications, if you had taken a refund of accumulated retirement contributions, you must have subsequently performed one year of credited service.

For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period.

Eligibility for Family Allowance

For your survivors to be eligible for the monthly family allowance, you must have met the same eligibility requirements as for the one-time death benefit described earlier and you:

- Cannot have a pre-retirement election of an option in effect.
- Must have earned one year of credited CalSTRS service since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of credited service after a break in service of more than one year, if applicable.

Under Coverage A, a monthly family allowance is payable to:

1) The surviving spouse or registered domestic partner with eligible children

A dependent child is eligible if he or she is:

- Your natural or adopted child or stepchild and not adopted by a person other than your spouse or partner,
- Born within the 10-month period starting on the date of your death,
- Under age 22 and unmarried at the time of your death, and
- Financially dependent upon you on the date of your death or on the effective date of disability, if you died while receiving a disability benefit.

Your surviving spouse or partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible child up to a maximum of 50 percent for five or more children. The maximum family allowance is 90 percent of your final compensation. The family allowance is payable as long as the dependent child is under age 22, unmarried, or not a registered domestic partner. (See example on the next page.)

2) The surviving spouse or partner with no eligible children

If there are no eligible children, or when the last child is no longer eligible, your surviving spouse or partner may elect to receive:

- A return of the accumulated Defined Benefit contributions and interest in your account at the time of your death, less all monthly benefits paid.
- OR
- A monthly allowance payable for life. The calculation* is based on the projected service credit and final compensation you would have accrued as if you had retired at age 60. If the monthly allowance is paid before age 60, the amount is actuarially reduced.

3) Dependent children, but no surviving spouse or partner

If you have dependent children, but no surviving spouse or partner, the dependent children are eligible for 10 percent of your final compensation for each child up to a maximum benefit of 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits are payable to each child until the child is no longer eligible; that is, he or she marries, registers as a domestic partner, attains age 22, or is no longer dependent. When all of your chil-

dren are no longer eligible for a benefit, any remaining contributions and interest in your account, less all monthly benefits paid, will be paid to the recipient or recipients you named to receive the one-time death benefit. If you did not name a recipient, CalSTRS must make the payment to your estate.

4) Dependent parents

A family allowance can be paid to your dependent parents if there is no surviving spouse or partner and no dependent children. A parent will be paid a monthly payment for life beginning at age 60 or, if the dependent parent is under age 60, he or she may elect to receive an actuarially reduced benefit for life. For more information about eligibility requirements for this benefit, contact CalSTRS at 800-228-5453.

5) Named recipient

If there is no surviving spouse, partner, eligible children or dependent parents, the remaining Defined Benefit contributions and interest in your account, if any, will be paid to the recipient or recipients you named to receive your one-time death benefit. If no recipient was named, CalSTRS must make the payment to your estate.

Offsets

CalSTRS must reduce any family allowance under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security, federal civil service retirement, federal military disability, railroad retirement, and any other public retirement system including disability programs financed from public funds.

A copy of any award letters must be sent to CalSTRS so that payments can be adjusted.

*The calculation will also include service credit for the member's unused sick leave if he or she became a CalSTRS member before July 1, 1980, or died on or after January 1, 1999.

Family Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

Linda will receive a monthly family allowance of \$1,754 as long as she has three eligible children. In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit.

When her youngest child reaches age 22, or is no longer eligible, Linda, age 57, will have to make a choice:

- She can take the remaining Defined Benefit contributions and interest in Rob's account, less all previously paid benefits.

OR

- At age 60, Linda can receive the surviving spouse benefit payable for life. She will receive a monthly payment of \$1,353.85, based on Rob's projected service and projected final compensation. This equals one-half of what Rob would have received if he had worked to age 60 and elected Option 3.

OR

- If Linda elects to receive the surviving spouse benefit before age 60, the benefit will be actuarially reduced.

Family Allowance

Coverage A

Member: Rob, age 40

Spouse: Linda, age 40

Children: Mike 15, Robert 10, & Sandy 5

Service Credit: 10 years

Final Compensation \$3,220

a. Spouse's Benefit
40% x \$3,220 = \$1,288

b. Children's Increment
3 x 10% x \$3,220 + \$966

Family Allowance with
eligible children (a+b) = \$2,254

Less Social Security offset - \$500

Amount payable by CalSTRS = \$1,754

Coverage B – If You Die Before Retirement

Under Coverage B, benefits are payable to your survivors if you became a member of CalSTRS on or after October 16, 1992, or elected Coverage B in the election held between October 1992 and April 1993.

Coverage B – One-Time Death Benefit

Under Coverage B, if you die before retirement, CalSTRS pays a one-time death benefit to your named recipient or recipients. (This amount is adjusted periodically by the Teachers' Retirement Board.) If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS must make the payment to your estate. The one-time death benefit through June 30, 2005, is \$24,652.

For CalSTRS to pay this benefit you must have had one year or more of service credit and your death must have occurred during one of the following periods:

- While in employment for which creditable compensation is paid.
- Within four months after you terminated employment or had last earned creditable service.
- Within 12 months of the last day for which creditable compensation is paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, death must have occurred within four months after ending employment or earning service credit. In addition to these qualifications, if you had taken a refund of contributions or had reinstated after retirement, you must also have:

- Earned one year of service credit.

OR

- Six months must have elapsed since reinstatement from disability retirement.

Qualifying for Monthly Survivor Benefits

You must have met the same eligibility requirements as for the one-time death benefit and you:

- Cannot have a pre-retirement election of an option in effect.
- Must have earned one year of credited CalSTRS service since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.
- Must have died within four months after reinstatement from disability retirement, if you had reinstated to active membership from disability retirement.

Under Coverage B, a monthly survivor benefit is payable to:

1) Surviving spouse or registered domestic partner

Under Coverage B, the monthly survivor benefit payment is made to your surviving spouse or registered domestic partner.

Your spouse or partner is eligible for a monthly benefit whether or not there are eligible children. The benefit is calculated as if you had retired under Option 3 on the date of death. Under Coverage B, your surviving spouse or partner has the choice of receiving either a monthly benefit or a return of your Defined Benefit contributions and interest.

Your surviving spouse or partner can begin receiving the survivor benefit either:

- Immediately as of the date of your death. The benefit is reduced if you were under age 60 at the time of death.

OR

- When you would have reached age 60.

The monthly benefit is calculated on your actual service credit and final compensation at the time of your death. If you die on or before age 60, your age and your spouse's or partner's ages as of the date you would have attained age 60 are used in the calculation.

If you die after age 60, your age and spouse's or partner's age as of the date of death will be used in the calculation.

The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement. For details, see Section 6, Your Retirement Benefit.

2) Eligible children

If you have eligible dependent children and your spouse or partner decides to take a survivor benefit, each child will also receive a monthly benefit. A benefit is not payable to eligible dependent children if you do not have a surviving spouse or partner or your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

A child is eligible if all of the following apply; that is, he or she is:

- Your natural or adopted child or step-child and not adopted by a person other than your spouse or partner.
- Under age 21 and financially dependent upon you at the time of your death.
- Financially dependent upon you at the time of death.

The child's benefit begins on the day following the date of your death and is payable until age 21, even if your spouse elects to wait to receive a monthly survivor benefit until your 60th birthday.

If your surviving spouse or partner dies before the last child reaches age 21, the children's benefit is still payable until the child attains age 21. Once all children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest in your account, less all monthly benefits paid, will be paid to your death benefit recipient.

Each child's benefit is 10 percent of your final compensation, up to a maximum of 50 percent for five or more children.

3) If there is no surviving spouse or registered domestic partner

No monthly benefits are payable to survivors if there is no surviving spouse or partner. Your Defined Benefit accumulated retirement contributions and interest would be paid to your named recipient as a one-time benefit.

If no recipient was named, CalSTRS must make the payment to your estate.

Offsets

The monthly survivor benefit under Coverage B is not reduced by benefits payable from other public systems such as Social Security.

Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits.

David can choose the surviving spouse benefit or he can choose to take a refund of the contributions and interest in Sharon's Defined Benefit account. *However, if he does not elect a monthly benefit, the children are not entitled to monthly benefits.*

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Sharon's death, until each child reaches age 21.

David's Choices:

David can choose to receive his surviving spouse benefit when Sharon would have reached her 60th birthday (normal retirement age) and receive the full amount or he can choose to receive a reduced benefit immediately.

Note: *The surviving spouse benefit is calculated based on the amount of service credited at death, as if the member lived to age 60 and had retired naming him as an Option 3 beneficiary, which is 50 percent of the modified benefit.*

If David's choice is to defer receipt of his surviving spouse benefit, the children will receive the following benefit immediately as of the date of Sharon's death:

10% of final compensation for each child:
\$322 x 3 children = \$966

David would receive no spouse benefit until Sharon would have reached age 60, which would be 20 years from this time. He would then receive a spouse benefit of \$305.13 for the rest of his life. See the following calculation of the Option 3 beneficiary benefit.

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

David's reduced spouse benefit (see the next calculation) = \$ 53.25

10% of final compensation for each child
(\$322 x 3 children) = \$966.00

Total = \$1,019.25

Each child's separate benefit will stop when that child reaches age 21. After David's last child turns 21, he will continue to receive his spouse's benefit, \$53.25 per month in this case, for his lifetime.

In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

Defer benefit until Sharon's 60th birthday
(see the Survivor Benefit example):
 $\$610.25 \div 2 = \305.13

OR

Start benefit as of the date of Sharon's death
 $\$305.13 \times 17.45\%$
 (age 40 option 3 age factor) = $\$53.25$

Survivor Benefit

Coverage B

Member: Sharon, age 40
 Spouse: David, age 40
 Children: Joe 12, Sam 9, and Jake 7
 Service credit: 10 years
 Final compensation: \$3,220

Sharon's unmodified benefit,
 as if she were age 60
 $2\% \times 10 \text{ years of service credit}$
 $\times \$3,220 \text{ final compensation} = \644.00

Modified benefit, based on
 Option 3 factor of 94.76%
 (member and spouse age 60)
 $.9476 \times \$644 = \610.25

Option 3 – Beneficiary receives
 one-half the member's modified benefit
 $\$610.25 \div 2 = \305.13

Defined Benefit Supplement Distribution

If you die before retirement your recipient will receive a benefit based on the balance in your DBS account. If you have a minimum of \$3,500 per named recipient, your recipients will have a choice of a lump-sum payment or the following annuity choices:

- A single life without cash refund
- A period-certain annuity

If you die after retirement, you will have already made your Defined Benefit Supplement annuity selection. An ongoing monthly annuity will only be paid if your selection is made upon retirement.

Coverage A or B – If You Die After Retirement

Coverage A or B – One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A, Family Allowance and Coverage B, Survivor Benefit.

CalSTRS pays a one-time death benefit to your named recipient or recipients if you are a retired member. (The amount of the payment may be adjusted periodically by the Teachers' Retirement Board.) If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, CalSTRS must make the payment to your estate. The one-time death benefit through June 30, 2005 is \$6,163.

Defined Benefit Supplement Distribution

If you die after retirement, depending on the annuity option selected for your DBS account, its balance may be distributed to your recipient or recipients named on your *One-Time Death Benefit Recipient Designation* form.

Monthly Benefit

Once you have retired, no monthly benefit is payable to your survivors unless you have chosen one of the options described in Section 6, Your Retirement Benefit. If you have chosen an option, your option beneficiary or beneficiaries will receive the monthly benefit payable under that particular option. If retired and you have not chosen an option, you have been receiving an unmodified monthly benefit.

The option beneficiary who is receiving a monthly Defined Benefit and Defined Benefit Supplement payments may name a beneficiary to receive any remaining accrued benefit upon the option beneficiary's death.

Unmodified Monthly Benefit

If retired and you had elected the unmodified benefit for your Defined Benefit pension, you receive it for your lifetime. No continuing monthly benefit will be payable to another person.

However, a one-time death benefit recipient will receive the monthly retirement benefit that accrued and was not paid during the month of death, plus any residual contributions and interest that may be in your Defined Benefit account, after all benefit

payments made to you have been deducted.

In addition, from your Defined Benefit Supplement account, your one-time death benefit recipient will receive any residual contributions and interest in your DBS account, after all payments made to you have been deducted. If you had selected a single life annuity with cash refund for your Defined Benefit Supplement account distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued and was not paid during the month of death.

Dies After Retirement

Unmodified Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement	\$35,000
Less retirement benefit paid	- \$115,000
Remaining contributions and interest	0
Accrued monthly benefit during the month of death (½ month x \$950)	\$475
Current one-time death benefit	\$6,163
Total Payable	\$6,638

10. Tax Information and Legal Matters

Income Tax Withholding

Federal and California statutes require income tax withholding on distributions from pension plans, annuities and deferred compensation plans. Income tax will be withheld from the taxable portion of your benefit unless you take action not to have taxes withheld. To not have income tax withheld, you must file an *Income Tax Withholding Preference Certificate* with CalSTRS. You can do this on the retirement application in *Your Retirement Guide*, or you can download the certificate at www.calstrs.com or order it by calling 800-228-5453.

If you do not have taxes withheld or if you do not have enough withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments or the total of both must cover at least 90 percent of your total tax liability for the current year. Failure to meet the 90 percent limit could subject you to penalties.

You can view your current tax withholding elections on *myCalSTRS*. Go to the CalSTRS Web site at www.calstrs.com and log in or register to access *myCalSTRS*.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified Method established by the Internal Revenue Service to determine the taxable portion of your benefit. You may use any acceptable method when reporting to the IRS. For details on the Simplified Method, see *Pension and Annuity Income*, IRS publication 575, available from the IRS or refer to *Pension and Annuity Guidelines*, FTB publication 1005 from the state Franchise Tax Board.

Periodic Payments

Unless you tell CalSTRS otherwise, CalSTRS will withhold income tax on your periodic payments — payments received in installments at regular intervals — as if you were married and claiming three dependents. To change this withholding, see *Income Tax Withholding Preference Certificate* later in this section.

Non-Periodic Payments

CalSTRS withholds income tax from non-periodic payments such as a partial lump sum, one-time death benefit or the benefit accrued and unpaid on the date of death of a CalSTRS benefit recipient. Withholdings from non-periodic payments are set at a flat rate of 20 percent for federal and 6 percent for state. Your beneficiary can elect not to have state taxes withheld from a non-periodic payment unless he or she resides outside of the United States or its possessions, in which case, tax withholding is required. Federal taxes must be withheld unless the payment is a rollover.

Income Tax Withholding Preference Certificate

To request a change to your income tax withholding status, you must complete *CalSTRS Income Tax Withholding Preference Certificate* form. CalSTRS must receive this form no later than the first day of the month preceding the month you wish the change to take effect. To order the form, call us at 800-228-5453 or download or order the form at www.calstrs.com.

Lump-Sum Distributions

If you receive a lump-sum distribution, including a refund of your contributions, you should be aware that the Internal Revenue Code provides several complex rules regarding the taxation and penalties of such distributions. You may be eligible to defer tax liability

on the taxable amount of the distribution by rolling over that amount into another qualified retirement plan or IRA.

To take advantage of these provisions, the distribution *must* be made by a trustee-to-trustee transfer. If you request a rollover distribution, additional information will be provided. For more information on rollovers, see the *CalSTRS Tax Information for Certain Payments* brochure. To order this brochure, call 800-228-5453 and select option 3 or visit our Web site.

Tax Withholding for Out-of-State Residents

Pursuant to federal law, if you are not a resident of California, you are not subject to California state tax; however, CalSTRS benefits may be subject to taxation to the state in which you do reside. CalSTRS cannot withhold taxes for another state.

CalSTRS will not withhold California state income taxes for benefit payees who live outside California unless the payee files an *Income Tax Withholding Preference Certificate*.

CalSTRS recommends you consult a qualified tax professional for specific tax advice. You may contact the Internal Revenue Service, the state Franchise Tax Board or a qualified tax advisor for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, call 800-228-5453 and select Teletalk and listen to message 650.

Internal Revenue Codes Affecting Benefits

Section 401(a)(9)

Section 401(a)(9) of the IRC and the California Education Code require CalSTRS to begin a distribution of a member's benefits no later than April 1 of the calendar year following the year the member reaches age 70½.

CalSTRS will not begin distribution of your account if:

- You are currently employed in a position subject to coverage under CalSTRS.
- Your current employment is covered by, or you are retired from, another public retirement system. For a listing of other public retirement systems, see *Retiring From More Than One Public Retirement System* in Section 6.

Annually, CalSTRS attempts to notify members who may be affected by these statutory provisions. Therefore, it is important for members to ensure we have a current mailing address for you at all times.

Note: *The IRS may impose an excise tax equal to 50 percent of the minimum required distribution if the member receives less than the minimum-required distribution for a taxable year.*

Section 401(a)(17)

Section 401(a)(17) of the IRC imposes a limit on the compensation that can be used to provide a benefit by a governmental plan such as CalSTRS. The compensation limit is applicable to all persons who became members or participants of CalSTRS on or after July 1, 1996. The compensation limit for 2005 is \$205,000. Any compensation in excess of this limit is not creditable compensation and neither employer nor member contributions to the Defined Benefit Program, the Defined Benefit Supplement Program nor the Cash Balance Benefit Program are to be paid to CalSTRS on the excess amount.

Section 415

Section 415 of the IRC imposes a limit on benefits that can be paid by a state or local government defined benefit plan such as that administered by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For 2005, the dollar limit is \$170,000 at ages 62 through 65. The limit is lower below these ages and higher above these ages.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of Section 415. CalSTRS will notify you, upon

receipt of your application for retirement, if your benefit will be affected by the IRC Section 415 benefit limit. Pursuant to federal law, CalSTRS has established a Replacement Benefits Program from which benefits in excess of the Section 415 limits can be paid. If your benefit is limited by IRC Section 415, in addition to the limited benefit, you will receive a separate payment from the Replacement Benefits Program.

Legal Matters

CalSTRS Right to Recover Costs

When a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation, CalSTRS must be informed. CalSTRS has a right to recover an amount equal to the actuarial equivalent of benefits paid under the plan because of the injury or death of the member. The process that permits this participation is called subrogation.

Power of Attorney

CalSTRS members can arrange for management of their assets, should they become incapacitated, through the use of a durable power of attorney. CalSTRS can provide you with some of the necessary forms.

When a CalSTRS benefit payee becomes incapacitated and can no longer manage his or her financial affairs, CalSTRS may need to determine who has the legal authority to act on the payee's behalf regarding the payee's CalSTRS account and benefits. That authority could extend to changing the recipient's address, instituting or changing direct deposit authorizations and changing tax withholding preferences.

A durable power of attorney is the most common method used by a benefit payee to delegate authority to act for the payee. This document permits a benefit payee to act as a principal and appoint an agent. The document also identifies the extent of authority granted to the agent.

A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. CalSTRS has

a *Special Power of Attorney* form available that may be used by a principal. This form enables your named agent to handle all matters pertaining to a CalSTRS account, unless barred by law.

In addition, CalSTRS requires an agent to execute an affidavit affirming the agent's authority under the durable power of attorney. For an agent's convenience, the CalSTRS form, *Declaration of Attorney in Fact*, can be completed by the agent each time he or she makes a request.

If you wish to obtain a *Special Power of Attorney* or a *Declaration of Attorney in Fact* form, call the CalSTRS automated telephone system at 800-228-5453 or download the form from www.calstrs.com.

Members' Rights – The Appeal Process

Any party who disagrees with a decision by the staff at any level may request review of that decision by higher authority. These rights and the procedure will be provided early in the written correspondence and may be found on the CalSTRS Web site in the FAQs section. The following is a brief description of the appeal process. It is not intended to take the place of the law or the detailed written procedures.

Requesting a Review

If you disagree with the initial decision from staff, you may request the Executive Review Committee to review this decision. The ERC, which is typically the final level of review within CalSTRS, is made up of members of the Executive Staff, program managers and staff, the Ombudsman and Legal Services staff. The ERC reviews the situation based upon any additional information you provide, the law and facts and prepares a written analysis and decision.

Requesting a Hearing

To appeal the Executive Review Committee's decision, you may request an administrative hearing, which will be held before an independent Administrative Law Judge employed by the Office of Administrative Hearings. The request for a hearing must be made within 90 days from the date of the ERC response.

The Office of Administrative Hearings schedules the hearing, and all parties are given notice regarding the time, date and location. The hearing is a full evidentiary hearing, meaning witnesses may be called. CalSTRS will be represented by the State Attorney General. You may be represented by an attorney or you may represent yourself. Following the hearing, the Administrative Law Judge will submit a Proposed Decision to CalSTRS. Within 30 days CalSTRS will provide all parties with a copy of the Proposed Decision.

Proposed Decision and Further Action

The Proposed Decision of the Administrative Law Judge is not the final decision. The Teachers' Retirement Board must decide whether or not to adopt the Proposed Decision within 100 days of receipt. The Benefits and Services Committee, referred to as the Committee, of the Teachers' Retirement Board has the final authority to act on behalf of the Board in these matters. When you receive your copy of the Proposed Decision you will be given the date that the Committee will act on your case, what the staff is recommending and how you may submit further written argument.

Sometimes the Committee does not adopt the Proposed Decision and orders that the matter be returned to the Administrative Law Judge for further hearing or brought back before the Committee for hearing at a later meeting based upon the record, including the transcript with or without taking additional evidence. If heard by the Committee, it will make its own independent decision after hearing arguments from both sides.

If you are dissatisfied with the Committee's decision you may ask the Committee to reconsider its decision or you may appeal to Superior Court. You will be notified of this right when you receive your copy of the Committee's decision shortly after the Committee hearing takes place.

Community Property Information

If you have been divorced or your registered domestic partnership terminated, or you are presently going through a divorce or termination, there may be a community property interest in your CalSTRS benefits. You may need to refer to your Settlement Agreement and/or contact an attorney for legal advice on how your benefits may be affected.

If the dissolution or termination judgment and the member's death occur after January 1, 2002, the *One-Time Death Benefit Recipient Designation* form, which names the former spouse or partner as the recipient, is invalid.

If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *One-Time Death Benefit Recipient Designation* form after the dissolution judgment. For details, refer to the CalSTRS *Community Property Information* brochure. To order this brochure, visit our Web site or call 800-228-5453.

11. Worksheets

Benefit Estimate Worksheet

CalSTRS recommends you see a benefits counselor before making any decisions about your retirement.

Example

Mary is retiring at age 60 with 24.250 years of service.

Step 1: Determine Service Credit and Age Factor

Service Credit = 24.250
(years of service)

Age Factor = 2%
based on Mary's age at retirement
(see Age Factor Table, page 72)

Step 2: Determine Final Compensation

Mary's highest three consecutive school years of earnable compensation

2001-2002 \$48,000

2000-2001 \$47,000

1999-2000 \$45,000

Total Earnable Compensation \$140,000

÷ 36 months

Monthly Final Compensation \$3,888.89

Step 3: Calculate Benefit

Service Credit 24.250

x Age Factor x .02

x Final Compensation x \$3,888.89

Mary's unmodified
monthly benefit = \$1,886.11

Your Estimate

You plan to retire at age _____.

Step 1: Determine Service Credit and Age Factor

Service Credit = _____
(years of service)

Age Factor = _____
(see Age Factor Table, page 72)
(if applicable, include career factor)

Step 2: Determine Final Compensation

Enter your highest three consecutive school years of earnable compensation (if applicable, use one-year final compensation)

\$ _____

\$ _____

\$ _____

Total Earnable Compensation \$ _____

÷ 36 months

(if eligible, use one-year
final compensation ÷ 12 months)

Monthly Final Compensation \$ _____

Step 3: Calculate Benefit

Service Credit _____

x Age Factor x _____

x Final Compensation x _____

+ Longevity Bonus + _____
(if applicable)

Your unmodified
monthly benefit = \$ _____

Age Factor Table

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective. The age factor is increased by a career factor of 0.2 percent if you have 30 or more years of service credit on the day you retire.

The age factor equals 2 percent at age 60.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month in which

you are under age 60. For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

Between age 60 and 63, the 2 percent age factor is increased by 0.033 for each quarter year of age that the member is over age 60, up to a maximum age factor of 2.4 percent. If you qualify for the 0.2 percent career factor by having at least 30 years of service credit, you reach the maximum age factor of 2.4 percent at age 61 and six months.

Age Factor Table (expressed as percentages)

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
63	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
62	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
61	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
60	2.00	2.00	2.00	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
53	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

Note: You must have 30 years of service credit to retire between the ages of 50 and 55.

Career Factor

If you have 30 or more years of credited service, add 0.2 percent to the age factor on the above chart. The maximum age factor with the career factor is 2.4.

Example:

Age	Without career factor	With career factor
61 – 3 mos.	2.167%	2.367%
61 – 9 mos.	2.23%	2.400%*

* maximum age factor

Option Worksheets

You can use these worksheets to estimate your own modified retirement benefit, using the age and option factor tables in this section. You can also get a benefit estimate at the CalSTRS Web site.

The following examples show modified retirement benefits based on both the member and the option beneficiary being age 60 on the effective date of retirement.*

Option 2

Under Option 2, upon your death, your option beneficiary will receive the same modified benefit as you were receiving for the remainder of his or her lifetime.

Example	Your Estimate
\$1,886.11 Unmodified Benefit	\$ _____
x Option Factor [†] .8791	x _____
= Option 2 Benefit to Member or Option Beneficiary \$1,658.08	\$ _____

Option 3

Under Option 3, upon your death, your option beneficiary will receive one-half the modified benefit you were receiving for the remainder of his or her lifetime.

Example	Your Estimate
\$1,886.11 Unmodified Benefit	\$ _____
x Option Factor [†] .9476	x _____
= Option 3 Benefit to Member \$1,787.28	\$ _____
½ to Option Beneficiary \$893.64	\$ _____

Option 4

Under Option 4, upon your death or the death of your option beneficiary, two-thirds the modified benefit you were receiving will be payable to the survivor for his or her lifetime.

Example	Your Estimate
\$1,886.11 Unmodified Benefit	\$ _____
x Option Factor [†] .9410	x _____
= Option 4 Benefit to Member \$1,774.83	\$ _____
⅔ to Survivor \$1,183.22	\$ _____

Option 5

Under Option 5, upon your death or the death of your option beneficiary, one-half the modified benefit you were receiving will be payable to the survivor for his or her lifetime.

Example	Your Estimate
\$1,886.11 Unmodified Benefit	\$ _____
x Option Factor [†] .9831	x _____
= Option 5 Benefit to Member \$1,854.23	\$ _____
½ to Survivor \$ 927.12	\$ _____

* These examples are based on factors retrieved from the Option Factor Tables later in this section and applied to the unmodified benefit calculated on page 71. Minor differences may occur when actual calculations are performed as the age of the member and option beneficiary are based on the nearest quarter year of age.

† To find the option factor, find your age, option beneficiary's age and option number starting on page 76.

Option 6

Under Option 6, upon your death, your option beneficiary will continue to receive the same modified benefit you were receiving for his or her lifetime. If the option beneficiary predeceases you, your benefit will rise to the unmodified amount.

Example	Your Estimate
\$1,886.11 (payable to member upon death of Option Beneficiary)	\$ _____
x Option Factor [†] .8665	x _____
= Option 6 Benefit to Member or Option Beneficiary \$1,634.31	\$ _____

Option 7

Under Option 7, upon your death, your option beneficiary will receive one-half the modified benefit you were receiving for his or her lifetime. If the option beneficiary predeceases you, your benefit will rise to the unmodified amount.

Example	Your Estimate
\$1,886.11 (payable to member upon death of Option Beneficiary)	\$ _____
x Option Factor [†] x .9408	x _____
= Option 7 Benefit to Member \$1,774.45	\$ _____
½ to Option Beneficiary \$ 887.23	\$ _____

Option 8

Under Option 8, you will receive a modified retirement benefit. Upon your death, your option beneficiaries will each receive a modified benefit as provided by the calculation formula used under each option selected. You select two or more beneficiaries under Option 8 or you may select one beneficiary and retain a portion as unmodified to comply with a court order of dissolution.

Following the example, use the worksheet on the following page to estimate how much you and your option beneficiaries would receive if you select this option.

(Use additional worksheets if selecting more than two option beneficiaries.)

[†] To find the option factor, find your age, option beneficiary's age and option number starting on page 76.

Option 8 Worksheet

Your Estimate	Member	Beneficiary 1	Beneficiary 2
1. Member's unmodified benefit	\$ _____		
2. Percentages of unmodified benefit allotted as unmodified to member (if any) and to each beneficiary [§]	% _____	% _____	% _____
3. Amount of unmodified benefit allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$ _____	\$ _____	\$ _____
4. Option number selected for each beneficiary		# _____	# _____
5. Option beneficiary's age		_____	_____
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.) [†]		_____	_____
7. Benefit to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$ _____	\$ _____
8. Member's modified benefit (Add #7 from all option beneficiary worksheets to column 1 of #3)	\$ _____		

Option 8 Example

	Member	Beneficiary 1	Beneficiary 2
1. Member's unmodified benefit	\$1,886.11		
2. Percentages of unmodified benefit allotted as unmodified to member (if any) and to each beneficiary	40%	40%	20%
3. Amount of unmodified benefit allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$754.44	\$754.44	\$377.22
4. Option number selected for each beneficiary		#6	#2
5. Option beneficiary's age		60	30
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.)		.8665	.7674
7. Benefit to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$653.72	\$289.48
8. Member's modified benefit (Add #7 to column 1 of #3)	\$754.44 + \$653.72 + 289.48 = \$ 1,697.64		

[§] Percentages assigned to all option beneficiaries and the percentage, if any, retained as unmodified must equal 100 percent.

[†] To find the option factor, find your age, option beneficiary's age and option number starting on page 76.

Service Retirement Option Factor Tables

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
55	5	0.8063	0.9015	0.8592	0.8925	0.8061	0.9014
55	10	0.8089	0.9032	0.8612	0.8943	0.8086	0.9030
55	15	0.8123	0.9055	0.8640	0.8969	0.8118	0.9051
55	20	0.8168	0.9084	0.8674	0.9000	0.8160	0.9079
55	25	0.8227	0.9121	0.8719	0.9040	0.8217	0.9115
55	30	0.8304	0.9170	0.8781	0.9095	0.8292	0.9162
55	35	0.8405	0.9231	0.8863	0.9170	0.8388	0.9220
55	40	0.8532	0.9307	0.8973	0.9273	0.8507	0.9291
55	45	0.8686	0.9394	0.9116	0.9414	0.8649	0.9372
55	50	0.8865	0.9492	0.9302	0.9606	0.8812	0.9461
55	55	0.9061	0.9593	0.9539	0.9868	0.8986	0.9553
55	60	0.9260	0.9690	0.9836	1.0222	0.9160	0.9640
55	65	0.9446	0.9776	1.0193	1.0683	0.9324	0.9719
55	70	0.9606	0.9847	1.0607	1.1259	0.9469	0.9787

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
59	5	0.7576	0.8735	0.8220	0.8625	0.7574	0.8734
59	10	0.7601	0.8753	0.8240	0.8644	0.7597	0.8750
59	15	0.7634	0.8776	0.8267	0.8669	0.7629	0.8772
59	20	0.7678	0.8806	0.8302	0.8700	0.7670	0.8800
59	25	0.7735	0.8845	0.8346	0.8739	0.7726	0.8838
59	30	0.7813	0.8897	0.8407	0.8794	0.7800	0.8888
59	35	0.7915	0.8963	0.8490	0.8869	0.7897	0.8952
59	40	0.8047	0.9048	0.8601	0.8971	0.8021	0.9031
59	45	0.8214	0.9149	0.8748	0.9111	0.8175	0.9125
59	50	0.8416	0.9267	0.8941	0.9302	0.8357	0.9232
59	55	0.8649	0.9396	0.9191	0.9564	0.8563	0.9347
59	60	0.8902	0.9527	0.9506	0.9918	0.8781	0.9463
59	65	0.9153	0.9650	0.9889	1.0380	0.8996	0.9573
59	70	0.9382	0.9755	1.0333	1.0958	0.9197	0.9671

56	5	0.7950	0.8951	0.8506	0.8856	0.7948	0.8950
56	10	0.7976	0.8968	0.8526	0.8875	0.7973	0.8966
56	15	0.8010	0.8991	0.8553	0.8900	0.8004	0.8987
56	20	0.8054	0.9020	0.8588	0.8932	0.8047	0.9015
56	25	0.8113	0.9058	0.8633	0.8971	0.8104	0.9052
56	30	0.8191	0.9108	0.8694	0.9026	0.8179	0.9100
56	35	0.8292	0.9171	0.8777	0.9101	0.8275	0.9159
56	40	0.8421	0.9248	0.8888	0.9204	0.8396	0.9232
56	45	0.8579	0.9340	0.9032	0.9344	0.8541	0.9317
56	50	0.8764	0.9442	0.9220	0.9536	0.8709	0.9411
56	55	0.8970	0.9550	0.9460	0.9798	0.8892	0.9508
56	60	0.9182	0.9655	0.9762	1.0153	0.9077	0.9602
56	65	0.9384	0.9750	1.0125	1.0614	0.9254	0.9688
56	70	0.9560	0.9828	1.0546	1.1190	0.9412	0.9763

60	5	0.7439	0.8655	0.8115	0.8540	0.7437	0.8654
60	10	0.7463	0.8672	0.8135	0.8558	0.7460	0.8670
60	15	0.7497	0.8696	0.8162	0.8583	0.7491	0.8692
60	20	0.7540	0.8726	0.8196	0.8615	0.7532	0.8720
60	25	0.7597	0.8766	0.8241	0.8654	0.7587	0.8759
60	30	0.7674	0.8818	0.8302	0.8708	0.7661	0.8809
60	35	0.7776	0.8886	0.8384	0.8782	0.7758	0.8874
60	40	0.7909	0.8972	0.8496	0.8885	0.7883	0.8954
60	45	0.8077	0.9077	0.8643	0.9024	0.8038	0.9051
60	50	0.8284	0.9200	0.8837	0.9216	0.8224	0.9163
60	55	0.8525	0.9336	0.9089	0.9477	0.8436	0.9284
60	60	0.8791	0.9476	0.9410	0.9831	0.8665	0.9408
60	65	0.9059	0.9609	0.9799	1.0293	0.8894	0.9527
60	70	0.9308	0.9725	1.0251	1.0872	0.9110	0.9634

57	5	0.7831	0.8883	0.8415	0.8783	0.7830	0.8882
57	10	0.7857	0.8901	0.8435	0.8802	0.7854	0.8898
57	15	0.7891	0.8924	0.8463	0.8827	0.7885	0.8920
57	20	0.7935	0.8953	0.8497	0.8859	0.7928	0.8948
57	25	0.7994	0.8991	0.8542	0.8898	0.7984	0.8985
57	30	0.8071	0.9042	0.8604	0.8953	0.8059	0.9033
57	35	0.8173	0.9106	0.8686	0.9028	0.8156	0.9094
57	40	0.8304	0.9186	0.8797	0.9131	0.8278	0.9169
57	45	0.8465	0.9281	0.8943	0.9271	0.8427	0.9257
57	50	0.8656	0.9388	0.9132	0.9463	0.8600	0.9355
57	55	0.8871	0.9503	0.9376	0.9725	0.8790	0.9459
57	60	0.9097	0.9617	0.9682	1.0079	0.8987	0.9560
57	65	0.9314	0.9720	1.0052	1.0540	0.9176	0.9654
57	70	0.9507	0.9806	1.0480	1.1117	0.9348	0.9735

61	5	0.7296	0.8570	0.8006	0.8450	0.7295	0.8569
61	10	0.7321	0.8588	0.8025	0.8468	0.7318	0.8586
61	15	0.7354	0.8612	0.8052	0.8493	0.7348	0.8607
61	20	0.7396	0.8642	0.8086	0.8524	0.7389	0.8636
61	25	0.7453	0.8682	0.8130	0.8563	0.7443	0.8675
61	30	0.7529	0.8734	0.8191	0.8617	0.7516	0.8725
61	35	0.7631	0.8803	0.8274	0.8692	0.7613	0.8791
61	40	0.7764	0.8891	0.8385	0.8794	0.7738	0.8874
61	45	0.7934	0.9000	0.8533	0.8933	0.7894	0.8974
61	50	0.8145	0.9128	0.8728	0.9124	0.8084	0.9090
61	55	0.8394	0.9271	0.8983	0.9385	0.8302	0.9217
61	60	0.8672	0.9421	0.9307	0.9739	0.8541	0.9349
61	65	0.8957	0.9564	0.9703	1.0201	0.8783	0.9477
61	70	0.9227	0.9691	1.0163	1.0780	0.9015	0.9593

58	5	0.7707	0.8811	0.8320	0.8707	0.7705	0.8810
58	10	0.7732	0.8829	0.8340	0.8725	0.7729	0.8826
58	15	0.7766	0.8852	0.8367	0.8750	0.7760	0.8848
58	20	0.7810	0.8882	0.8402	0.8782	0.7802	0.8876
58	25	0.7868	0.8920	0.8447	0.8821	0.7858	0.8914
58	30	0.7945	0.8971	0.8508	0.8875	0.7933	0.8963
58	35	0.8048	0.9037	0.8591	0.8950	0.8030	0.9025
58	40	0.8179	0.9119	0.8702	0.9053	0.8153	0.9102
58	45	0.8343	0.9217	0.8848	0.9193	0.8304	0.9193
58	50	0.8540	0.9330	0.9039	0.9385	0.8482	0.9296
58	55	0.8765	0.9452	0.9286	0.9647	0.8681	0.9405
58	60	0.9004	0.9574	0.9597	1.0001	0.8888	0.9514
58	65	0.9238	0.9687	0.9973	1.0463	0.9090	0.9615
58	70	0.9448	0.9782	1.0409	1.1040	0.9276	0.9705

62	5	0.7148	0.8481	0.7891	0.8355	0.7147	0.8480
62	10	0.7173	0.8499	0.7911	0.8374	0.7170	0.8497
62	15	0.7205	0.8523	0.7938	0.8399	0.7200	0.8519
62	20	0.7248	0.8554	0.7972	0.8430	0.7240	0.8548
62	25	0.7303	0.8594	0.8015	0.8469	0.7293	0.8586
62	30	0.7379	0.8647	0.8076	0.8523	0.7366	0.8638
62	35	0.7480	0.8717	0.8158	0.8597	0.7462	0.8704
62	40	0.7613	0.8807	0.8269	0.8699	0.7587	0.8789
62	45	0.7784	0.8918	0.8417	0.8838	0.7744	0.8891
62	50	0.7998	0.9051	0.8613	0.9028	0.7936	0.9011
62	55	0.8254	0.9201	0.8870	0.9289	0.8161	0.9145
62	60	0.8544	0.9360	0.9199	0.9642	0.8409	0.9285
62	65	0.8847	0.9515	0.9600	1.0104	0.8665	0.9422
62	70	0.9137	0.9654	1.0070	1.0684	0.8913	0.9548

Service Retirement Option Factor Tables

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
63	5	0.6995	0.8388	0.7772	0.8257	0.6994	0.8387
63	10	0.7019	0.8406	0.7792	0.8275	0.7016	0.8404
63	15	0.7052	0.8430	0.7818	0.8300	0.7046	0.8426
63	20	0.7093	0.8461	0.7852	0.8331	0.7085	0.8455
63	25	0.7148	0.8501	0.7896	0.8369	0.7138	0.8494
63	30	0.7223	0.8555	0.7956	0.8423	0.7210	0.8545
63	35	0.7323	0.8625	0.8038	0.8497	0.7305	0.8613
63	40	0.7456	0.8717	0.8148	0.8599	0.7430	0.8699
63	45	0.7627	0.8831	0.8296	0.8737	0.7588	0.8804
63	50	0.7844	0.8969	0.8493	0.8928	0.7782	0.8928
63	55	0.8106	0.9126	0.8752	0.9188	0.8012	0.9068
63	60	0.8407	0.9295	0.9084	0.9541	0.8268	0.9216
63	65	0.8727	0.9462	0.9492	1.0002	0.8537	0.9363
63	70	0.9039	0.9613	0.9970	1.0583	0.8802	0.9499

64	5	0.6837	0.8290	0.7648	0.8153	0.6836	0.8289
64	10	0.6861	0.8309	0.7668	0.8171	0.6858	0.8306
64	15	0.6893	0.8333	0.7694	0.8196	0.6887	0.8328
64	20	0.6933	0.8364	0.7728	0.8227	0.6925	0.8357
64	25	0.6987	0.8404	0.7771	0.8265	0.6978	0.8396
64	30	0.7061	0.8458	0.7831	0.8319	0.7049	0.8449
64	35	0.7160	0.8529	0.7912	0.8393	0.7143	0.8517
64	40	0.7292	0.8622	0.8023	0.8494	0.7267	0.8604
64	45	0.7464	0.8739	0.8170	0.8632	0.7425	0.8712
64	50	0.7682	0.8881	0.8368	0.8822	0.7621	0.8840
64	55	0.7950	0.9046	0.8627	0.9082	0.7855	0.8986
64	60	0.8262	0.9224	0.8963	0.9434	0.8119	0.9142
64	65	0.8598	0.9403	0.9377	0.9895	0.8401	0.9298
64	70	0.8932	0.9568	0.9864	1.0476	0.8682	0.9446

65	5	0.6674	0.8188	0.7520	0.8045	0.6673	0.8187
65	10	0.6697	0.8206	0.7539	0.8063	0.6694	0.8204
65	15	0.6729	0.8231	0.7566	0.8088	0.6723	0.8226
65	20	0.6769	0.8262	0.7599	0.8118	0.6761	0.8255
65	25	0.6822	0.8302	0.7641	0.8157	0.6812	0.8295
65	30	0.6894	0.8357	0.7701	0.8210	0.6882	0.8347
65	35	0.6992	0.8429	0.7782	0.8284	0.6975	0.8416
65	40	0.7123	0.8523	0.7892	0.8385	0.7098	0.8505
65	45	0.7295	0.8643	0.8039	0.8522	0.7256	0.8615
65	50	0.7514	0.8789	0.8236	0.8711	0.7453	0.8747
65	55	0.7786	0.8960	0.8497	0.8970	0.7690	0.8899
65	60	0.8107	0.9148	0.8836	0.9322	0.7962	0.9063
65	65	0.8460	0.9340	0.9255	0.9783	0.8256	0.9229
65	70	0.8816	0.9518	0.9751	1.0364	0.8553	0.9389

66	5	0.6507	0.8082	0.7387	0.7932	0.6505	0.8081
66	10	0.6530	0.8100	0.7406	0.7950	0.6527	0.8098
66	15	0.6560	0.8125	0.7432	0.7975	0.6555	0.8120
66	20	0.6600	0.8155	0.7465	0.8005	0.6592	0.8149
66	25	0.6652	0.8196	0.7507	0.8044	0.6642	0.8188
66	30	0.6723	0.8251	0.7566	0.8097	0.6711	0.8241
66	35	0.6819	0.8324	0.7647	0.8170	0.6803	0.8311
66	40	0.6949	0.8419	0.7756	0.8271	0.6924	0.8401
66	45	0.7120	0.8541	0.7903	0.8408	0.7082	0.8513
66	50	0.7340	0.8692	0.8100	0.8596	0.7279	0.8649
66	55	0.7616	0.8869	0.8362	0.8854	0.7520	0.8806
66	60	0.7945	0.9067	0.8703	0.9205	0.7798	0.8978
66	65	0.8312	0.9271	0.9127	0.9666	0.8103	0.9155
66	70	0.8690	0.9464	0.9631	1.0247	0.8416	0.9327

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
67	5	0.6336	0.7971	0.7250	0.7815	0.6335	0.7970
67	10	0.6359	0.7989	0.7269	0.7833	0.6356	0.7987
67	15	0.6389	0.8014	0.7295	0.7858	0.6383	0.8009
67	20	0.6427	0.8045	0.7327	0.7888	0.6420	0.8038
67	25	0.6478	0.8085	0.7369	0.7926	0.6469	0.8078
67	30	0.6548	0.8140	0.7427	0.7979	0.6536	0.8131
67	35	0.6643	0.8214	0.7507	0.8052	0.6627	0.8201
67	40	0.6771	0.8311	0.7616	0.8152	0.6747	0.8292
67	45	0.6940	0.8435	0.7762	0.8288	0.6903	0.8407
67	50	0.7161	0.8589	0.7959	0.8476	0.7101	0.8546
67	55	0.7439	0.8773	0.8221	0.8733	0.7343	0.8709
67	60	0.7775	0.8980	0.8564	0.9084	0.7627	0.8888
67	65	0.8156	0.9197	0.8993	0.9543	0.7942	0.9076
67	70	0.8555	0.9405	0.9505	1.0124	0.8272	0.9260

68	5	0.6163	0.7855	0.7109	0.7693	0.6162	0.7854
68	10	0.6185	0.7874	0.7127	0.7711	0.6183	0.7872
68	15	0.6215	0.7899	0.7153	0.7736	0.6209	0.7894
68	20	0.6253	0.7930	0.7185	0.7766	0.6245	0.7923
68	25	0.6302	0.7970	0.7227	0.7804	0.6293	0.7963
68	30	0.6371	0.8025	0.7284	0.7856	0.6359	0.8016
68	35	0.6464	0.8099	0.7363	0.7929	0.6448	0.8086
68	40	0.6590	0.8197	0.7471	0.8028	0.6566	0.8179
68	45	0.6758	0.8323	0.7616	0.8164	0.6721	0.8295
68	50	0.6977	0.8481	0.7812	0.8351	0.6919	0.8438
68	55	0.7257	0.8671	0.8075	0.8608	0.7162	0.8606
68	60	0.7599	0.8887	0.8419	0.8957	0.7451	0.8793
68	65	0.7993	0.9117	0.8853	0.9416	0.7776	0.8991
68	70	0.8412	0.9341	0.9372	0.9996	0.8121	0.9189

69	5	0.5988	0.7735	0.6963	0.7567	0.5987	0.7734
69	10	0.6009	0.7754	0.6982	0.7585	0.6007	0.7752
69	15	0.6039	0.7779	0.7007	0.7609	0.6033	0.7774
69	20	0.6075	0.7810	0.7039	0.7639	0.6068	0.7803
69	25	0.6124	0.7850	0.7080	0.7677	0.6115	0.7843
69	30	0.6191	0.7905	0.7137	0.7729	0.6179	0.7896
69	35	0.6282	0.7980	0.7215	0.7801	0.6267	0.7967
69	40	0.6406	0.8078	0.7322	0.7900	0.6383	0.8060
69	45	0.6572	0.8206	0.7466	0.8036	0.6536	0.8178
69	50	0.6790	0.8368	0.7661	0.8222	0.6733	0.8324
69	55	0.7070	0.8563	0.7923	0.8477	0.6977	0.8497
69	60	0.7418	0.8789	0.8269	0.8825	0.7270	0.8692
69	65	0.7822	0.9031	0.8706	0.9283	0.7603	0.8901
69	70	0.8261	0.9271	0.9233	0.9863	0.7963	0.9112

70	5	0.5811	0.7610	0.6814	0.7436	0.5810	0.7609
70	10	0.5832	0.7628	0.6832	0.7454	0.5829	0.7626
70	15	0.5860	0.7653	0.6857	0.7478	0.5855	0.7649
70	20	0.5896	0.7684	0.6888	0.7508	0.5889	0.7678
70	25	0.5944	0.7725	0.6929	0.7545	0.5935	0.7717
70	30	0.6009	0.7780	0.6985	0.7597	0.5998	0.7771
70	35	0.6098	0.7855	0.7062	0.7669	0.6083	0.7842
70	40	0.6220	0.7954	0.7168	0.7767	0.6197	0.7936
70	45	0.6383	0.8084	0.7311	0.7902	0.6349	0.8056
70	50	0.6599	0.8248	0.7505	0.8087	0.6544	0.8205
70	55	0.6879	0.8449	0.7766	0.8341	0.6788	0.8383
70	60	0.7230	0.8684	0.8112	0.8688	0.7084	0.8585
70	65	0.7644	0.8939	0.8552	0.9144	0.7424	0.8804
70	70	0.8101	0.9195	0.9085	0.9723	0.7798	0.9028

MBR=member's age BEN=beneficiary's age

Defined Benefit Supplement Annuity Calculation Estimates

DBS Single Life Annuity with a Cash Refund				
A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient(s).				
DBS Account Balance	Member's Age at Retirement			
	50	55	60	65
\$3,500	\$24	\$25	\$27	\$28
\$5,000	\$35	\$36	\$38	\$41
\$7,500	\$53	\$55	\$57	\$61
\$10,000	\$70	\$73	\$77	\$82
\$15,000	\$105	\$110	\$115	\$123
\$20,000	\$141	\$146	\$154	\$164
\$25,000	\$176	\$183	\$192	\$205

DBS Single Life Annuity without a Cash Refund				
A lifetime monthly payment with no cash refund payable upon your death.				
DBS Account Balance	Member's Age at Retirement			
	50	55	60	65
\$3,500	\$25	\$26	\$27	\$30
\$5,000	\$35	\$37	\$39	\$42
\$7,500	\$53	\$55	\$59	\$64
\$10,000	\$71	\$74	\$79	\$85
\$15,000	\$106	\$111	\$118	\$128
\$20,000	\$142	\$148	\$157	\$170
\$25,000	\$177	\$185	\$197	\$213

DBS Period-Certain Annuity								
A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid. The examples used here are selected to illustrate how the monthly amount changes over different periods. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient(s).								
DBS Account	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
\$3,500	\$108	\$84	\$70	\$60	\$53	\$48	\$44	\$41
\$5,000	\$155	\$120	\$100	\$86	\$76	\$69	\$63	\$59
\$7,500	\$232	\$180	\$150	\$129	\$115	\$104	\$95	\$89
\$10,000	\$310	\$241	\$200	\$172	\$153	\$139	\$127	\$119
\$15,000	\$465	\$361	\$300	\$259	\$230	\$208	\$191	\$178
\$20,000	\$620	\$482	\$400	\$345	\$306	\$278	\$255	\$238
\$25,000	\$775	\$603	\$500	\$432	\$383	\$347	\$319	\$297

DBS 100% Joint and Survivor Annuity

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity would be paid to your annuity beneficiary upon your death.

DBS Account Balance	Member's Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$23	\$23	\$24	\$24	\$23	\$23	\$24	\$24	\$23	\$23	\$24	\$24	\$23	\$24	\$24	\$25
\$5,000	\$32	\$33	\$33	\$33	\$33	\$34	\$34	\$35	\$33	\$34	\$34	\$35	\$32	\$33	\$34	\$35
\$7,500	\$49	\$50	\$50	\$51	\$49	\$50	\$51	\$51	\$50	\$51	\$52	\$53	\$50	\$51	\$52	\$54
\$10,000	\$66	\$67	\$68	\$68	\$66	\$67	\$68	\$69	\$67	\$68	\$70	\$71	\$66	\$68	\$69	\$71
\$15,000	\$99	\$100	\$101	\$102	\$100	\$101	\$103	\$104	\$100	\$102	\$104	\$106	\$100	\$102	\$105	\$108
\$20,000	\$133	\$134	\$135	\$137	\$133	\$135	\$137	\$139	\$133	\$136	\$139	\$141	\$132	\$136	\$139	\$143
\$25,000	\$166	\$167	\$169	\$170	\$167	\$169	\$171	\$174	\$167	\$170	\$174	\$177	\$166	\$170	\$175	\$180

DBS 50% Joint and Survivor Annuity

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity would be paid to your annuity beneficiary upon your death.

DBS Account Balance	Member's Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$24	\$24	\$24	\$24	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$26	\$27	\$27	\$27	\$28
\$5,000	\$34	\$34	\$34	\$34	\$35	\$35	\$36	\$36	\$36	\$36	\$37	\$37	\$37	\$38	\$38	\$39
\$7,500	\$51	\$52	\$52	\$52	\$52	\$53	\$53	\$54	\$55	\$55	\$56	\$56	\$57	\$58	\$59	\$60
\$10,000	\$69	\$69	\$69	\$70	\$70	\$71	\$71	\$72	\$73	\$74	\$75	\$76	\$76	\$77	\$78	\$79
\$15,000	\$103	\$103	\$104	\$104	\$106	\$107	\$107	\$108	\$110	\$111	\$112	\$113	\$114	\$116	\$117	\$119
\$20,000	\$138	\$139	\$139	\$140	\$141	\$142	\$143	\$144	\$146	\$147	\$149	\$150	\$152	\$154	\$156	\$158
\$25,000	\$172	\$173	\$174	\$174	\$177	\$178	\$179	\$180	\$183	\$185	\$187	\$189	\$190	\$193	\$196	\$199

Note: the DBS annuity estimates above are not valid for CalSTRS Disability Benefit recipients.

12. Teletalk Message Codes

The CalSTRS Teletalk information system provides recorded messages giving general information on a variety of CalSTRS subjects. To access the Teletalk system, call 800-228-5453 and then press 2. Teletalk calls are answered electronically 24 hours a day and you can choose topics easily via your telephone keypad as follows:

Enter: For this topic:

90 What's New

100 General Information

- 101 What is CalSTRS?
- 102 Location, telephone numbers, office hours of CalSTRS
- 103 How to obtain CalSTRS booklets and forms
- 104 How to change your address with CalSTRS
- 105 Direct Deposit
- 106 What to do in the event of a lost check or missing direct deposit payment
- 107 How to have insurance premiums deducted from your check
- 108 Spousal acknowledgment of benefit selection
- 109 Community property settlements
- 110 Medicare for active CalSTRS members
- 111 CalSTRS Home Loan Program
- 112 Which benefit coverage do I have, A or B?
- 113 Subrogation information
- 114 Financial Education workshops
- 115 Unused sick leave
- 116 Zero-Down Preferred Home Loan Program
- 117 No Points, No Fees Home Loan Program

150 Membership, Service Credit and Contributions

- 151 Who must be a member of CalSTRS?
- 152 Can someone not mandated to CalSTRS

membership elect optional membership?

- 153 What is service credit and how is it determined?
- 154 Contributions to CalSTRS: what are your costs as a member?
- 155 Employer-paid member contribution
- 200 Benefits Counseling**
- 201 How to make an appointment for a benefits counseling interview
- 202 Benefits counseling appointment phone numbers for members in Southern California from Ventura to San Diego counties
- 203 Benefits counseling appointment phone numbers for members in the San Joaquin Valley from Kern to Calaveras counties
- 204 Benefits counseling appointment phone numbers for members in the coastal areas from Santa Barbara to Mendocino counties
- 205 Benefits counseling appointment phone numbers for members of the northern counties from Trinity to Glenn, and east to Nevada border
- 206 Benefits counseling appointment phone numbers for members of Alpine, Colusa, Mono, Sacramento, Solano and Yolo counties, and east to Nevada border
- 250 Purchase of Additional Service Credit and Redeposits**
- 251 What is a redeposit or the purchase of additional service credit, and what types of service can be purchased?
- 252 What will it cost to purchase service credit or redeposit previously refunded contributions?
- 253 How and when is payment made for additional service credit?
- 254 Out-of-state service credit
- 255 Nonqualified service credit
- 256 Consolidation of benefit coverages
- 300 Pre-Retirement Election of an Option**

301	What is a pre-retirement election of an option and the eligibility requirements?	381	Concurrent retirement
302	Cancellation or change of a pre-retirement election of an option	382	Unused sick leave credit
350	Service Retirement	400	Disability Benefits
351	How to apply for service retirement	401	What is reasonable accommodation and how does it apply to you?
352	Minimum eligibility for service retirement	402	The use of independent medical or vocational evaluations
353	Overview of unmodified and option benefits	403	May I continue to work while filing my application for disability benefits?
354	Unmodified service retirement benefit	420	Coverage A, Disability Allowance and Rehabilitation Program
355	Option 2, service retirement	421	Overview of Coverage A, the Disability Allowance Program
356	Option 3, service retirement	422	How to apply for a disability benefit and eligibility requirements
357	Option 4, service retirement	423	How your disability benefit is calculated
358	Option 5, service retirement	424	How much income can you earn and still receive your disability benefit?
359	Option 6, service retirement	425	What is continued qualification for a disability benefit
360	Option 7, service retirement	426	When does your disability benefit end and your service retirement begin?
361	Option 8, service retirement, multiple option election	427	What is the CalSTRS Rehabilitation Program and how does it affect you?
364	Early Retirement Limited Term Reduction Plan	428	Eligibility requirements for dependent children
366	How your service retirement benefit is calculated	450	Coverage B, Disability Retirement and Rehabilitation Program
367	When you can expect your first retirement check	451	Overview of Coverage B, the Disability Retirement Program
368	When your service retirement benefit will be finalized	452	Application and eligibility requirements for a disability retirement
369	How to change an option after service retirement due to the death of the option beneficiary	453	How your disability retirement is calculated
370	How to change an option after service retirement due to the dissolution of marriage, annulment, or legal separation	454	Earning limitations after disability retirement
371	Service retirement after reinstatement to active status from an earlier service or disability retirement	455	What is "continued qualification" for disability retirement?
372	Earning limitations after retirement	456	Rehabilitation services for members on disability retirement
373	One-year final compensation	457	Eligibility requirements for dependent children
374	Express benefits	458	Overview of unmodified and option benefits in the Disability Retirement Program
375	Retirement Incentive		
376	Class-Size Reduction Program		
378	Changing option beneficiary to your spouse		
379	Partial sum benefit		
380	CalSTRS Medicare Premium Payment Program		

- 459 Unmodified disability retirement benefit
- 460 Option 2, disability retirement
- 461 Option 3, disability retirement
- 462 Option 4, disability retirement
- 463 Option 5, disability retirement
- 464 Option 6, disability retirement
- 465 Option 7, disability retirement
- 466 Option 8, disability retirement
- 467 Changing an option or option beneficiary for disability retirement
- 468 Effects of workers' compensation on disability retirement

500 Death Benefits

- 501 How to report a death to CalSTRS
- 502 The importance of one-time death benefit recipients
- 503 What documentation is required for payment of a one-time death benefit?
- 504 Option payee designation of a beneficiary
- 505 Defined Benefit Supplement annuity recipient designation
- 506 Defined Benefit Supplement period certain annuity beneficiary designation

520 Coverage A, Family Allowance Program

- 521 Overview of Coverage A, Family Allowance Program
- 522 Benefits payable at the death of a member before service retirement or while receiving a CalSTRS disability benefit
- 523 Eligibility requirements for a family benefit
- 524 Family death benefits

550 Coverage B, Survivor Benefits

- 551 Overview of Coverage B survivor benefits
- 552 Benefits payable at death of a member before service retirement or disability retirement
- 553 Benefits payable to an eligible spouse at death of a member before service or disability retirement.
- 554 Children's benefits and eligibility requirements
- 555 Benefits payable at death of a member after service or disability retirement

600 Increases in Benefits

- 601 Annual 2 percent cost-of-living improvement
- 602 Quarterly supplemental payments
- 603 Change in quarterly supplemental payments
- 604 Minimum guaranteed monthly benefit
- 605 Surviving Remarried Spouse Reinstatement Program
- 606 Ad-Hoc Increase 2000
- 607 Expanded Minimum Guarantee Monthly Benefit
- 608 Defined Benefit Supplement Program
- 609 Longevity Bonus

650 Tax Liability

- 651 Monthly benefit tax withholding requirements
- 652 Refunds and lump-sum distribution tax withholding requirements
- 653 How to request a duplicate or corrected 1099R Withholding Statement
- 654 When will I incur income tax liability?
- 655 IRS Code Section 415, what it means to you
- 656 1099R Information for pre-1989 retired members
- 657 Repeal of the state source tax

700 Refund of Contributions

- 701 What you should know about refunds
- 702 How to request a refund of your contributions
- 703 Refund rollovers

750 Voluntary Investment Program

- 751 What is CalSTRS' 403(b) Program and how does it work?

900 Cash Balance Benefit Program

- 901 What is the CalSTRS Cash Balance Benefit Program?
- 902 CB Benefit Program eligibility
- 903 CB Benefit Program advantages
- 904 CB Benefit Program benefits
- 905 Participation in the CB Benefit Program

Glossary of Terms

A

Age Factor

A percentage determined by your age on the last day of the month in which your retirement becomes effective. It equals 2 percent at age 60 and is reduced by $\frac{1}{2}$ of 1 percent for each month or fraction of a month in which the member is under 60 but at least 55. For members seeking early retirement who are age 50, but under age 55, the factor is further reduced by $\frac{1}{4}$ of 1 percent for each month or partial month under age 55. For members over age 60, the factor is increased by 0.033 for every quarter year of age to a maximum of 2.4 percent at age 63 and over.

Air Time

See nonqualified service credit

Annual Benefit Adjustment (formerly COLA)

Automatic, annual increases to the monthly benefit, starting September 1 after the first anniversary of the effective date of the benefit. Calculated at 2 percent of the initial benefit.

Annual Statement of Account

A statement mailed directly to active and inactive members each year that provides a summary of Defined Benefit Program and Defined Benefit Supplement Program transactions during the prior year, service credit, contribution and interest balances, key provisions of the CalSTRS DB and DBS Programs and death benefit recipient information as of the previous June 30. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the fiscal year during which

the final payment was made. Cash Balance Benefit Program participants are mailed a statement of their account's contributions and accrued interest.

Annuity

Single-Life Annuity with Cash: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient or recipients.

Single-Life Annuity without Cash: A lifetime monthly payment with no cash refund payable upon your death.

100% Joint and Survivor Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity would be paid to your option beneficiary upon your death.

50% Joint and Survivor Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity would be paid to your option beneficiary upon your death.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient or recipients.

B

Beneficiary

Any person or entity receiving or entitled to receive payments because of the death of a member. Only a person (not an estate, trust or corporation) may be designated to receive an option benefit upon the death of a member.

Benefit

A monthly amount payable to a retired member, disabled member or beneficiary.

Benefit Formula (Service Retirement)

For the unmodified benefit, multiply service credit by the age factor then by final compensation. If choosing an option, multiply the unmodified benefit by the appropriate option factor.

C

CalPERS

California Public Employees' Retirement System

CalSTRS

California State Teachers' Retirement System

CalSTRS Home Loan Program

A program for DB members and CB Benefit Program participants to apply for conventional, fixed-rate and first mortgage loans to purchase or refinance primary residences.

Career Factor

For members who retire on or after January 1, 1999, with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to a maximum age factor of 2.4 percent, which is reached at age 61½.

The career factor (see Section 6, Your Retirement Benefit) does not apply if the member dies before retirement without a pre-retirement election of an option on file at CalSTRS.

Cash Balance Benefit Program

Alternative CalSTRS retirement plan for educators hired to work part time. Cash Balance Benefit Program is an alternative to Social Security, private plans or the CalSTRS Defined Benefit Program.

Concurrent Retirement

Retiring at the same time from CalSTRS and from certain other California public retirement systems (Legislators' Retirement System, Public Employees' Retirement System,

San Francisco City and County Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937). CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit if the service was not performed during the same pay period.

County Employees' Retirement Law of 1937

The 1937 Act law includes retirement systems from the following counties: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura. Also known as '37 Act counties.

Coverage A

The disability allowance and family allowance programs that existed on or before October 15, 1992. Coverage A is mandatory for all members of the DB Program who were receiving a disability benefit or a service retirement benefit with a benefit effective date on or before October 15, 1992. Members who were not receiving a benefit on or before October 15, 1992, were permitted to retain this coverage or elect Coverage B.

Coverage B

The disability retirement and survivor benefits programs that became effective after October 15, 1992. Coverage B is mandatory for all new members. Active members who were hired on or before October 15, 1992 may have elected this coverage.

Creditable Compensation

Salary and other remuneration payable in cash by an employer to a member for creditable service.

Creditable Service

Specific employment activities such as teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties performed for a school district, community college district or county superintendent of schools.

Credited Interest

At the end of each fiscal year, interest is credited to the accumulated DB contributions and interest in each active and inactive member's account at the interest rate adopted by the Teachers' Retirement Board. It is currently set at a rate that approximates the yield on two-year Treasury notes.

Credited Service

Service credit for which required contributions have been paid.

D**Defined Benefit**

A retirement benefit in which the benefit is guaranteed and generally based on a formula.

Defined Benefit Program

A benefit program within the State Teachers' Retirement Plan that provides retirement benefits based on a formula using age, service credit and final compensation, as well as ancillary benefits, for California's public school educators who are members of the program.

Defined Benefit Supplement Program

A supplemental benefit program with benefits based on contributions and interest credited to individual member's accounts. Funds will come January 1, 2001, through 2010, from 25 percent of each member's monthly CalSTRS contribution and starting July 1, 2002, from compensation earned from service in one school year in excess of one year of service credit.

Defined Contribution

A retirement benefit in which the benefit is based on the contributions plus interest earnings and is not guaranteed for life.

Disability Allowance (Coverage A)

A feature of the Defined Benefit Program selected by and offered to individuals who became members on or before October 15, 1992, that provides income replacement for disabled members. The allowance is paid as long as the individual is disabled or until the age of 60 when the member becomes eligible for service retirement.

Disability or Disabled

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent a member from performing the member's usual duties with reasonable modifications or the duties of a comparable level for which the member is qualified or can become qualified by education, training or experience. A member may apply for disability while still employed. Any impairment from a willful self-inflicted injury does not constitute a disability.

Disability Retirement (Coverage B)

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected this feature during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are "retired" and will be paid as long as they are disabled, without respect to age.

Disabled Member

A member to whom a disability benefit is payable.

E

Early Retirement Limited Term Reduction Program

A retirement alternative for Defined Benefit members. A member must be at least age 55, but under age 60, and have at least five years of credited service, for retirement under this alternative. The member receives one-half the monthly benefit amount calculated as if the member were age 60. The reduced benefit will continue for the same number of months after age 60 that benefits were received before age 60. After that, the normal service retirement benefit will be paid.

Earnings Limit

The amount a disabled or retired member may earn in a month without a reduction in the CalSTRS benefit.

Eligible Child

Coverage A: A member's unmarried offspring, adopted child or stepchild under age 22 who is dependent upon the member on the effective date of the disability benefit or the date of the member's death.

Coverage B: A member's child, adopted child or stepchild, under 21 years of age, if dependent on the member on the effective date of disability retirement or the date of the member's death.

F

Family Allowance (Coverage A)

An amount paid to the surviving spouse or partner with eligible children after the member's death. The maximum amount is 90 percent of the member's final compensation; 40 percent for spouse or partner and 10 percent for each eligible child, to a maximum of five children. Also provides Option 3 benefit to spouse or partner at age 60.

Final Compensation

The highest average annual compensation earnable by a member during a specified period of CalSTRS-covered paid employment. The period is one year if the member has at least 25 years of credited service or if it is included in a written collective bargaining agreement for classroom teachers. The period is three consecutive years for members with fewer than 25 years of service credit.

Full Time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the earnable compensation.

I

Indexed Final Compensation

The final compensation used to determine your disability benefits, multiplied by the Indexed Final Compensation factor, based on the year of your initial benefit.

Indexed Final Compensation Factors

Factors developed annually based on the change in the members' statewide average earnable salary. These factors are used to calculate indexed final compensation.

L

Longevity Bonus

An increase to the monthly unmodified retirement benefit of those who accumulate at least 30 years of service credit before January 1, 2011, regardless of when they retire.

M

Member

Any person who has performed creditable service in the Defined Benefit Program for an employer and has earned compensation for that service and has not received a refund for that service, unless specifically excluded by law.

Active Member: A member who earns creditable compensation during the school year.

Inactive Member: A member who, by the pay period ending June 30, has not earned creditable compensation during the school year.

Disabled Member: A member to whom a disability benefit is payable.

Retired Member: A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement benefit is payable.

Vested Member: A member who has accrued five years of credited service to be eligible for service retirement, disability retirement or disability benefit.

N

Nonconsecutive Final Compensation

The highest average annual compensation earnable during any period of three years of paid employment covered by CalSTRS. Available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use the highest three nonconsecutive school years to determine final compensation.

Nonqualified Service Credit

Service not connected to any prior specific employment.

O

One-Time Death Benefit

A one-time benefit made to the recipient(s) after a member dies.

Option

Plan feature that allows a member to redistribute the retirement benefit over the lifetime of the member and another person or persons.

Option 2: Upon the member's death the modified benefit will continue to be paid to the option beneficiary for life.

Option 3: Upon the member's death, one-half the modified benefit will continue to be paid to the option beneficiary for life.

Option 4: Upon the death of either the member *or* the option beneficiary, two-thirds the modified benefit will continue to be paid to the survivor for life.

Option 5: Upon the death of either the member *or* the option beneficiary, one-half the modified benefit will continue to be paid to the survivor for life.

Option 6: Upon the member's death, the modified benefit will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the retired member, the retired member's benefit will be raised to the unmodified level.

Option 7: Upon the member's death, one-half the modified benefit will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's benefit will be raised to the unmodified level.

Option 8: Upon the member's death, benefits will be paid to multiple option beneficiaries for life. The benefit paid to an individual beneficiary depends on which of Option 2 through 7 was selected for that beneficiary, and what percentage of the total benefit was subject to the option and beneficiary selected.

Option Beneficiary

The person named by a member to receive a lifetime monthly benefit after the member's death.

Option Factor

An actuarially determined factor used to calculate the amount of monthly benefit when an option is selected to provide a lifetime monthly benefit to a designated option beneficiary after the member's death.

P**Parent**

A natural parent or parent who adopted the member prior to the member's attainment of 18 years of age or marriage, whichever occurs earlier.

Participant

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited under the Cash Balance Benefit Program or is receiving an annuity under the Cash Balance Benefit Program by reason of creditable service.

Post-Tax Contributions

Member contributions paid into the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

Projected Final Compensation

The final compensation used to determine the Disability Allowance or Family Allowance, under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the Disability Allowance is terminated.

Projected Service

Credited service plus the service that would have been earned to age 60 (or termination of the Disability Allowance, whichever

comes first) had the member continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding death or the date the Disability Allowance began to accrue under Coverage A.

R**Recipient**

A person or persons named by a member to receive the one-time death benefit

Redeposit

The buying back of service credit represented by previously withdrawn contributions after terminating CalSTRS-covered employment. Redeposit costs include the interest the refunded amount would have earned had the funds remained in the CalSTRS account.

Reduced Workload Program

A feature under which eligible members may reduce their workload from full time to part time (a minimum of 50 percent of full time) and still receive a full year of service credit. Members may participate in this program for up to 10 years before retirement.

Refund

A distribution of all DB member post-tax contributions, tax-deferred contributions and interest credited on those contributions after a member has terminated employment with the California public school system.

Registered Domestic Partner (Partner)

A registered domestic partner has many of the same rights and responsibilities as spouses under California law — including, but not limited to, laws concerning community property, child custody and support, and access to family court for the dissolution of a partnership. To register a domestic partnership with the California Secretary of State's office you and your partner must be of the same sex, or if you and your partner are opposite sexes one of the partners must be at least 62 years old.

Reinstatement

Returning to employment in a position requiring CalSTRS membership, such as a retired educator returning to the classroom in a credentialed position and terminating of a CalSTRS benefit.

Retirement Benefit

A monthly benefit paid to a member each month after retirement.

Retirement Benefit Calculation

The formula used to calculate the amount CalSTRS members will receive each month after retiring for service. The formula is: service credit x age factor (2 percent at age 60) x final compensation.

Retirement Incentive Program

A program that would increase either one of the elements used in calculating the CalSTRS service retirement benefit. This program allows DB members who are eligible to retire to receive two years of service credit often called golden handshake.

Return of Member Contributions

A one-time payment of all accumulated member contributions. Payment equals the member's total contributions and interest at time of retirement, disability or death, less the sum of all monthly benefit payments received. This is payable when there are no longer any option beneficiaries or survivors who qualify for a continuing monthly benefit from the program.

S

Service Credit

Accumulated period of time in years, including partial years, for which a member earned creditable compensation and made contributions under the Defined Benefit Program. Service credit cannot exceed 1.000 in any given school year.

Single-Month Earnings Limit (Disability Allowance, Coverage A)

The amount a disabled member may earn in any month without a reduction in the disability allowance. The member's disability allowance and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit will be collected by CalSTRS dollar for dollar.

Six-Month Earnings Limit (Disability Allowance, Coverage A)

The member's employment earnings and disability allowance over any continuous six-month period are compared to two-thirds of the indexed final compensation. If the member exceeds this limit, the disability allowance can be terminated.

Subrogation

A process that permits CalSTRS to participate in an action to recoup expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation.

Supplemental Benefit Maintenance Account

The account from which payments are made to members and beneficiaries whose current benefit is worth less than a specified percent of the original benefit when adjusted for increases in the California Consumer Price Index. The percentage is currently set at 80 percent.

**Surviving Spouse or
Registered Domestic Partner**

A person who was married to a member or the registered domestic partner of a member for at least 12 months prior to the member's death. May be married or a partner fewer than 12 months if a child was born during the marriage or partnership if the surviving spouse or partner is pregnant with the member's child.

A law, effective January 1, 2004, also defines a spouse or partner as a person who was continuously married or registered to a member for fewer than 12 months prior to the accidental death of the member or for the period beginning prior to the occurrence of the injury or diagnosis of the illness that resulted in the member's death.

T

Teletalk

An automated telephone system that provides general information about a variety of CalSTRS subjects. You can also request forms, publications, duplicate 1099Rs and statements of accounts.

U

Unmodified Benefit

The highest monthly benefit payable to a member retired for service or disability prior to any modification for election of an option.

V

Vested Member

A member of the CalSTRS Defined Benefit Program with five years of credited service.

Voluntary Investment Program

An optional, tax-deferred 403(b) savings program that complements the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

Index

A

account statements, 8
acknowledgment letters, 42
additional duties, service credit for, 33
additional service credit, purchasing, 34
adjustment letters, 43
advice, Voluntary Investment Program, 23
age factor, defined, 35
Age Factor table, 72
air time, 34
alternative retirement plans, 15
annual benefit adjustment, 45
Annual Statement of Account, 8, 9
annuities, 40, 65, 85
appeals process, 69
applications, submitting
 disability, 49
 refund, 10
 retirement, 41
 survivor benefits, 59
applying for retirement
 CalSTRS response, 42
 timeline and checklist, 41–42
appointments, benefits counseling, 22

B

beneficiaries
 death of, 39
 interview with benefits counseling, 22
 naming and changing, 39
beneficiary designation. *See* one-time death benefit: recipient
Benefit Estimate worksheet, 71

benefits
 adjustments to, 40
 changes to, recent, 4
 consolidation of, 20
 distribution of, 10, 37, 60, 62, 65, 67, 68
 enhancements to, 36
 increasing, how to, 32
 unmodified, monthly, 37, 40, 66
benefits counseling
 appointments, 22
 contact list, 22
board. *See* Teachers' Retirement Board
bonus, longevity, 36
borrowing against account, 8
buying back service credit, 11

C

calculating benefits
 disability allowance, 52
 disability retirement, 57
 if reinstating, 47
 if returning from disability, 32
 modified, monthly, 38
calculating compensation
 earnable compensation, 16
 final compensation, 16, 35
calculating service credit, part-time employees, 16
calculating sick leave, 33
calculators, online
 retirement benefits, 2
 Windfall Elimination Provision, 29
CalPERS
 CalSTRS, changing to, 13
 creditable service under, 12
 Long-Term Care, 29
 Social Security and, 12
CalSTRS
 brief history, ii
 contacting, 2–3
 recovering costs, 69
 Social Security and, 12, 18, 27
canceling, pre-retirement election of an option, 27
career factor, 36, 72

- Cash Balance Benefit Program
 - alternative for part-time employees, 5, 18
 - eligibility, 19
 - if employer does not offer, 6
 - membership requirements, 6
- CB Benefit Program. *See* Cash Balance Benefit Program
- changing
 - CalPERS to CalSTRS, 13
 - CalSTRS to CalPERS, 12
 - Options or option beneficiaries, 39
- checklists
 - retirement application process, 42
 - retirement planning, *back cover*
- choosing
 - alternative retirement plan, 15
 - Defined Benefit Supplement Program
 - payment options, 40
 - Option 2 through 8, 37
 - unmodified benefit, 40
- COLA. *See* annual benefit adjustment
- community property
 - legal matters, 70
 - redepositing settlement amounts, 11
- comparing 403(b) plans, 24
- compensation
 - excess service, 33
 - final, 36
 - indexed, 54
 - limits, IRC Section 401(a)(17), 68
- concurrent retirement. *See* public retirement systems, other
- consolidating benefits, 20
- contacting
 - benefits counseling, 22
 - CalPERS, 29
 - CalSTRS, 2–3
 - Social Security Administration, 28
- contributions
 - employer, member and state, 7
 - refunding of, 10
 - Voluntary Investment Program, 24
- Counseling. *See* benefits counseling
- Coverage A, Disability Allowance, 52
- Coverage A, Family Allowance, 60
- Coverage B, Disability Retirement, 56, 57, 58
- Coverage B, Survivor Benefit, 62
- creditable service, 5
- credited interest rate, 7

D

- date of birth verification, 27
- DBS account. *See* Defined Benefit Supplement Program
- death, reporting of, 59
- death benefit, one-time, 9, 25
- deductions
 - health insurance premiums, 29
 - Medicare Part B, 29
 - payroll, 7
- Defined Benefit
 - eligibility, part-time employees and substitute teachers, 6
 - formula, 6
- Defined Benefit Supplement Annuity Calculation Estimate, tables, 78
- Defined Benefit Supplement Program, 7–8, 10.
 - contributions, 11
 - distribution of, 65
 - earnings and interest rate, 11–12
 - payment options, 40
- dependent children
 - disability retirement, increased benefit, 57
 - eligibility and disability allowance, 53
 - survivor benefits, 63
- dependent parents, 61
- direct deposit, 43
- disability
 - application process, 49, 50
 - disapproval and right to appeal, 51
 - limited-term benefits, 51
 - reinstating, calculating benefits, 32
- Disability Allowance, Coverage A, 52
- Disability Retirement, Coverage B, 56, 57, 58
- dissolution of marriage
 - community property, 70
 - recipient designation, affect on, 25
- distribution of benefits
 - Defined Benefit Supplement Program, 65
 - IRC Section 401(a)(9), 68
 - partial lump sum, 36
- divorce, 39

- domestic partners
 - documentation, 42
 - family allowance, 61
 - one-time death benefit recipient, 25
 - registered, rights of, 4, 40
 - signing form, cancellation of a pre-retirement election of an option, 27, 39
 - survivor benefits, 63
 - termination judgment, 70
- dual membership, 13
- duties, additional for service credit, 33

E

- early retirement, 31
- earnable compensation, 16, 35
- earnings
 - allocated to Defined Benefit Supplement Program, 11
 - annual report of, 55
 - interest on DBS funds, 12
 - substantial, covered under Social Security, 28
 - verification of, 55
- earnings, limits on, 45
 - disability allowance, 54
 - disability retirement, 58
 - exemptions from, 46
- election of an option, pre-retirement, 25
- eligibility
 - Cash Balance Benefit Program, 19
 - dependent children, 53
 - disability benefit, 52
 - disability retirement, 56
 - family allowance, 60
 - Long-Term Care Program, 29
 - Medicare, 29
 - membership, 5
- Employer Pick-Up Program, 7
- employers, multiple, 17, 19
- employment
 - changing, 12
 - post-retirement, 32, 45
 - terminating, 9
- enhancements, benefit, 36
- enrolling, Voluntary Investment Program, 24
- estimated benefit letters, 43
- estimates, benefit, 9

- examples
 - disability retirement, 58
 - family allowance, 62
 - part-time employees and multiple employers, 17
 - pre-retirement election of an option, 26
 - survivor benefit, 64
- exceptions, four-month limit, 10
- excess service, compensation for, 33
- exemptions
 - earnings limit, 46
 - Government Pension Offset, 28

F

- Family Allowance, Coverage A, 60
- final compensation, 16, 35, 36
- forms, ordering, 3
- formula
 - alternative, disability allowance, 53
 - Defined Benefit, 6, 32
 - disability retirement, 57
 - unused sick leave, 34
- 403bcompare.com, 24
- four-month limit, exceptions, 10
- FTE. *See* full-time equivalent
- full-time employees, mandatory membership, 5
- full-time equivalent, 15, 33

G

- golden handshake, 31
- Government Pension Offset Provision, 28

H

- health insurance, deducting premiums, 29
- hearing, requesting, 70
- Home Loan Program, 24

I

- incentive programs, 31
- income taxes, 67
- increasing benefits, 32
- independent vocational evaluation, 50
- indexed final compensation, 54

interest rate
 credited, 7
 Defined Benefit Supplement Program, 7, 12

Internal Revenue Codes
 Section 401(a)(17), 68
 Section 401(a)(9), 68
 Section 415, 68

investment programs, 23

IRC Section Codes. *See* Internal Revenue Codes

L

legal matters, 69

letters, 42, 43

limited-term disability, 51

Limited Term Reduction Program, 31

limits
 benefits, IRC Section 415, 68
 compensation, IRC Section 401(a)(17), 68
 earnings, 45, 54, 58

longevity bonus, 36

Long-Term Care Program, CalPERS, 29

lump-sum payments
 DBS distribution, 65
 income tax liability and rollovers, 67
 partial, 36

M

marriage dissolution, designation form, 70

Medicare
 discontinuing, 47
 Premium Payment Program, 29

membership
 eligibility, 5, 6
 part-time employees, 6
 terminating, 10

member contributions, 7

message codes, Teletalk, 81

mid-year retirement, 35

multiple positions, employed in, 33

myCalSTRS, 2

N

nonconsecutive final compensation, 35

nonqualified service, 34

notification
 disability, 51
 transitioning disability to service retirement, 55

O

offsets
 family allowance, 61
 survivor benefit, 64

one-time death benefit, 9
 family allowance, 60
 member dies after retirement, 65
 recipient, 25
 survivor benefit, 62

online calculators
 retirement benefits, 2
 Windfall Elimination Provision, 29

Options
 adding, changing or canceling, 39
 choosing before or when you retire, 37
 worksheets, 73–75

option beneficiaries
 changing, 39
 disability retirement, 56

option factor, calculating modified benefits, 38

Option Factor Tables, 76

ordering forms and publications, 3

P

parents, dependent, 61

part-time employees
 additional assignments, 17
 calculating service credit, 16
 choosing Defined Benefit Program, 6, 15
 consolidating benefits, 20
 final compensation, if multiple employers, 17
 if Cash Balance Benefit Program not offered, 6
 membership, 6
 Social Security, 18

partial lump sum, 36, 37

payments, benefit

- annual adjustment of benefit, 45
- estate, if no recipient named, 25
- lump sum, 65, 67
- non-periodic, income tax withholding, 67
- one-time death benefit recipient, 25
- partial lump-sum, 36
- periodic, income tax withholding, 67
- survivor benefits, 60
- unmodified monthly, 66

payroll deductions, 7

permissive service credit, 34

PLS. *See* partial lump sum

post-retirement employment, 32, 45

power of attorney, 69

pre-retirement election of an option, 26, 27, 55

Premium Payment Program, Medicare Part A, 29

proposed decision, appeals process, 70

publications, ordering, 3

public retirement systems, other, 32

purchasing

- additional service credit, 34
- nonqualified service credit, 34
- service credit, 11, 34

purchasing power, 45

R

reasonable accommodation, 49

recipients

- former spouse or partner, 25
- one-time death benefit, 25

recovering costs, 69

redeposits, cost of, 11

Reduced Workload Program, 30

refunds

- application for, 10
- consequences of, 10

Regional Counseling Services. *See* benefits counseling

registered domestic partners. *See* domestic partners

rehabilitation program, vocational, 51

reinstatement, 46

Replacement Benefits Program, 69

reporting deaths, 59

retirement

- application timeline and checklist, 41–42
- early, Limited Term Reduction Program, 31
- incentive, 31–32, 35, 43, 45
- mid-year, 35
- planning timeline and checklist, *back cover*
- transition, disability to service retirement, 55

Retirement Incentive Program, 31, 36, 47

Retirement Option Factor Tables, 76

retiring from other public retirement systems, 32

returning to classroom, 46

review of status

- disability allowance, 55
- disability retirement, 58

rollovers

- lump-sum distribution, 67
- Voluntary Investment Program, 24

S

savings plans. *See* Voluntary Investment Program

service credit

- additional duties, 33
- buying back, 11
- calculating, 33
- permissive, examples of, 34
- unused sick leave, 33

sick leave, calculating unused, 33

signatures required, spouse or partner, 26

single-month earnings, limits, 54, 58

six-month earnings, limits, 55

Social Security Administration, contacting, 28

Social Security and spouses, widows or widowers, 28

Social Security benefits, 18, 27

spouse

- dissolution of marriage, 70
- family allowance, 61
- naming as option beneficiary, 40
- survivor benefits, 63

statements, account, 8

status review

- disability allowance, 55
- disability retirement, 58

substitute teachers, choosing Defined Benefit Program, 6

supplemental account. *See* Defined Benefit Supplement Program

Survivor Benefit, Coverage B, 62

T

tables

- age factor, 72
- Defined Benefit Supplement Annuity Calculation Estimates, 78
- Retirement Option Factor, 76

tax-deferred investments, 23

taxes, withholding, 37, 67

Teachers' Retirement Board, ii

Teachers' Retirement Fund

- employer contributions to, 7
- portfolio market value, ii

Teletalk system

- key topics, 3
- message codes, all, 81

terminating

- employment, 9
- membership, 10
- registered domestic partnership, 25, 70

timeline

- application process, retirement, 41
- retirement planning, *back cover*

transferring funds, Voluntary Investment Program, 24

transfers, trustee-to-trustee, 37

transitioning disability benefits to service retirement, 55

treatment program, disability, 51

U

unmodified benefit, 37

- choosing, 40
- receiving monthly payments, 66

unused sick leave, 33

V

verification

- date of birth, 27
- earnings, 55

vested, on becoming, 6, 9, 20, *back cover*

VIP. *See* Voluntary Investment Program

vocational evaluation, independent, 50

vocational rehabilitation program, 51

Voluntary Investment Program, 23

W

Web site, accessing, 2

Willie Brown Act. *See* Reduced Workload Program

Windfall Elimination Provision, 28

withholding taxes, 67, 68

workers' compensation, 56

worksheets

- Benefit Estimate, 71
- disability allowance, 53
- Options 2-8, 73–75

workshops, 21

Notes

Notes

myCalSTRS Keeps Me Informed

myCalSTRS is a secure, online location where you can view and update your personal account information, send and receive confidential communication and access forms and general retirement information. You can also make online updates to specific types of mailing addresses and telephone numbers.

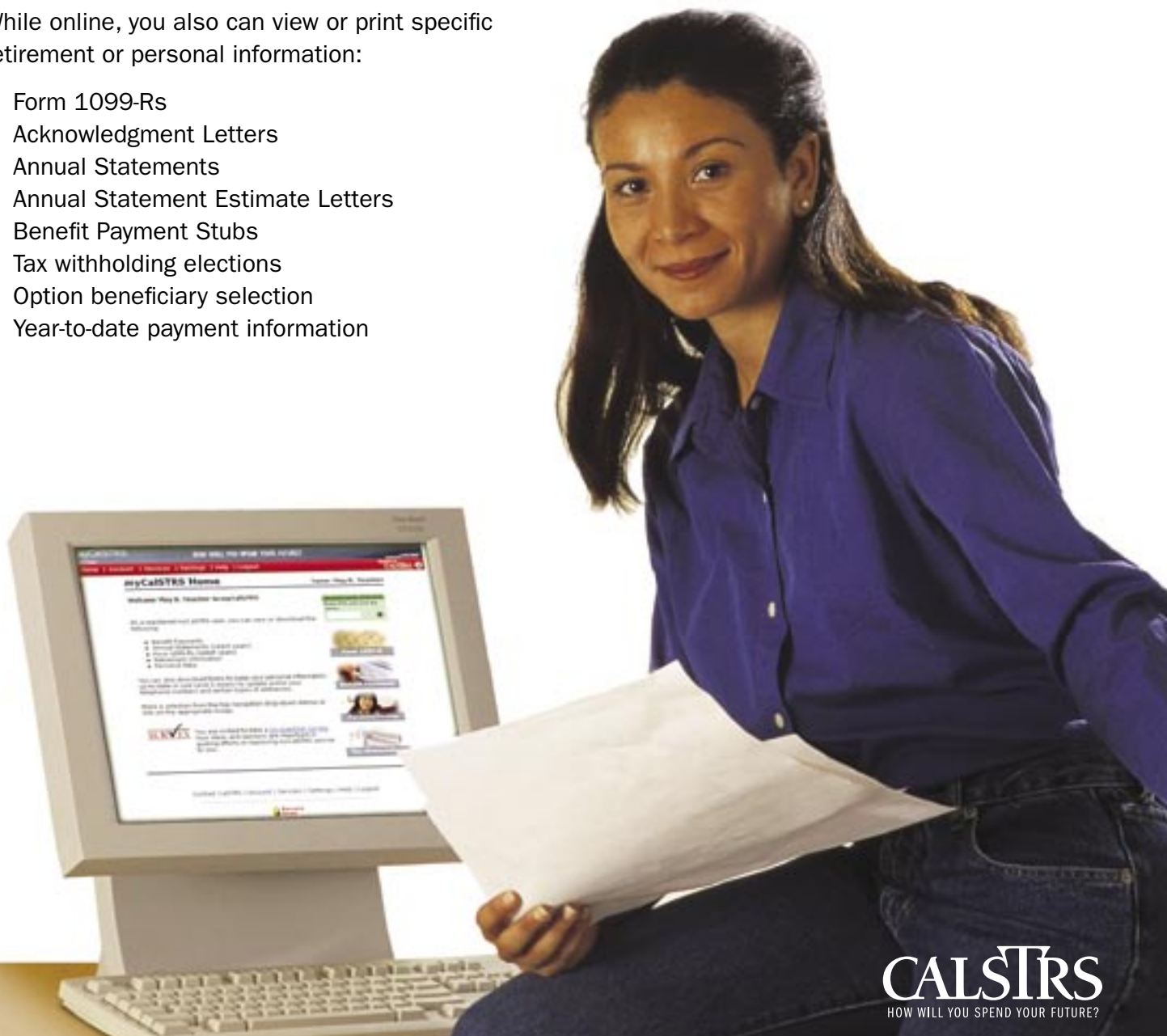
The Online Messaging feature provides registered myCalSTRS users with the ability to securely send and receive confidential information or get answers to personal account questions.

While online, you also can view or print specific retirement or personal information:

- Form 1099-Rs
- Acknowledgment Letters
- Annual Statements
- Annual Statement Estimate Letters
- Benefit Payment Stubs
- Tax withholding elections
- Option beneficiary selection
- Year-to-date payment information

You can help guide efforts to improve your online services. Just take a few minutes to complete the six-question survey on your myCalSTRS home page.

Access myCalSTRS from the CalSTRS Web site at www.calstrs.com. Just log in or click *Register* and follow the three easy steps. Getting answers to many of your questions about CalSTRS or your retirement account is just that easy.



CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

www.calstrs.com

Checklist for a Secure Financial Future

Less than one year of service credit

- _ Begin saving in a tax-deferred 403(b) account such as the Voluntary Investment Program.
- _ Submit a *One-Time Death Benefit Recipient* form.

One to five years of service credit – You are now eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you die while an active member.

- _ Check your *Annual Statement of Account* every year for the accuracy of your service credit.
- _ Start a file to save your annual statements and other CalSTRS forms.
- _ Attend a Demystifying CalSTRS workshop.

Five years of service credit – You are now vested and are eligible to receive a lifetime monthly retirement benefit when you retire. You can now retire if you are at least 55.

- _ Attend a CalSTRS Fundamentals workshop.
- _ Use the online Retirement Benefits Calculator at www.calstrs.com to estimate your retirement benefit.
- _ Consider increasing your contributions to your tax-deferred 403(b) or other savings.
- _ Develop a financial plan.
- _ Continue to check your annual statements for accuracy and file them with other important CalSTRS information.

Ten years of service credit – It's time to plan the financial details of your career and retirement.

- _ Attend a CalSTRS Fundamentals workshop if you have not already done so.
- _ Meet with a CalSTRS benefits counselor in person or by telephone.
- _ Review the one-time death benefit recipient designation and your service credit shown on your *Annual Statement of Account*.
- _ Update your financial plan.
- _ Increase your tax-deferred savings.

Between the ages 50 and 55 with at least 30 years of service credit OR At least age 55 with at least five years of service credit – You are eligible to retire.

- _ Attend a CalSTRS Retirement Checkup workshop.
- _ Get an estimate of your retirement benefit from a CalSTRS benefit counselor in person or by telephone.
- _ Submit a *Pre-Retirement Election of an Option* form to provide a lifetime monthly benefit to someone if you die before retirement, if applicable.
- _ Update your *One-Time Death Benefit Recipient* form, if necessary.



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